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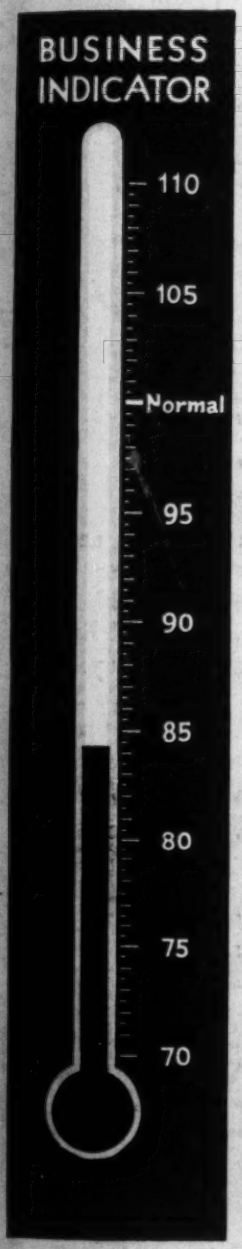
SEPTEMBER 24, 1930

THE BUSINESS WEEK



THERE is no longer any doubt that the resistance level of this depression was reached some time in August. The only question now is as to the speed, vigor, and permanence of the recovery during the remainder of this year. . . . . There are but six more weeks to go to the peak of the fall seasonal movement. This hill has to be taken on high to short-cut a stretch of rough and slow going this winter. . . . . The get-away so far in September has been somewhat slow, but the first two weeks have shown slightly more than seasonal improvement. After getting past the holiday drag, our preliminary index for the week ending Sept. 13 turned upward from 83.3% of normal to 84.3%. . . . . Basic industrial activity is increasing slowly, building projects are somewhat more active, primary distribution and general trade are showing fair seasonal expansion, commodity prices are definitely settling into stability, preparing for an upturn as forward buying becomes more active. . . . . Bear pressure encounters more steady resistance in a quiet stock market and in undervalued wheat and cotton. But passive Federal Reserve policy is letting precious moments slip by. . . . . As member banks cease buying bonds to prepare for fall commercial credit requirements, the Reserve must begin aggressive open-market action immediately to avoid a winter of discontent.

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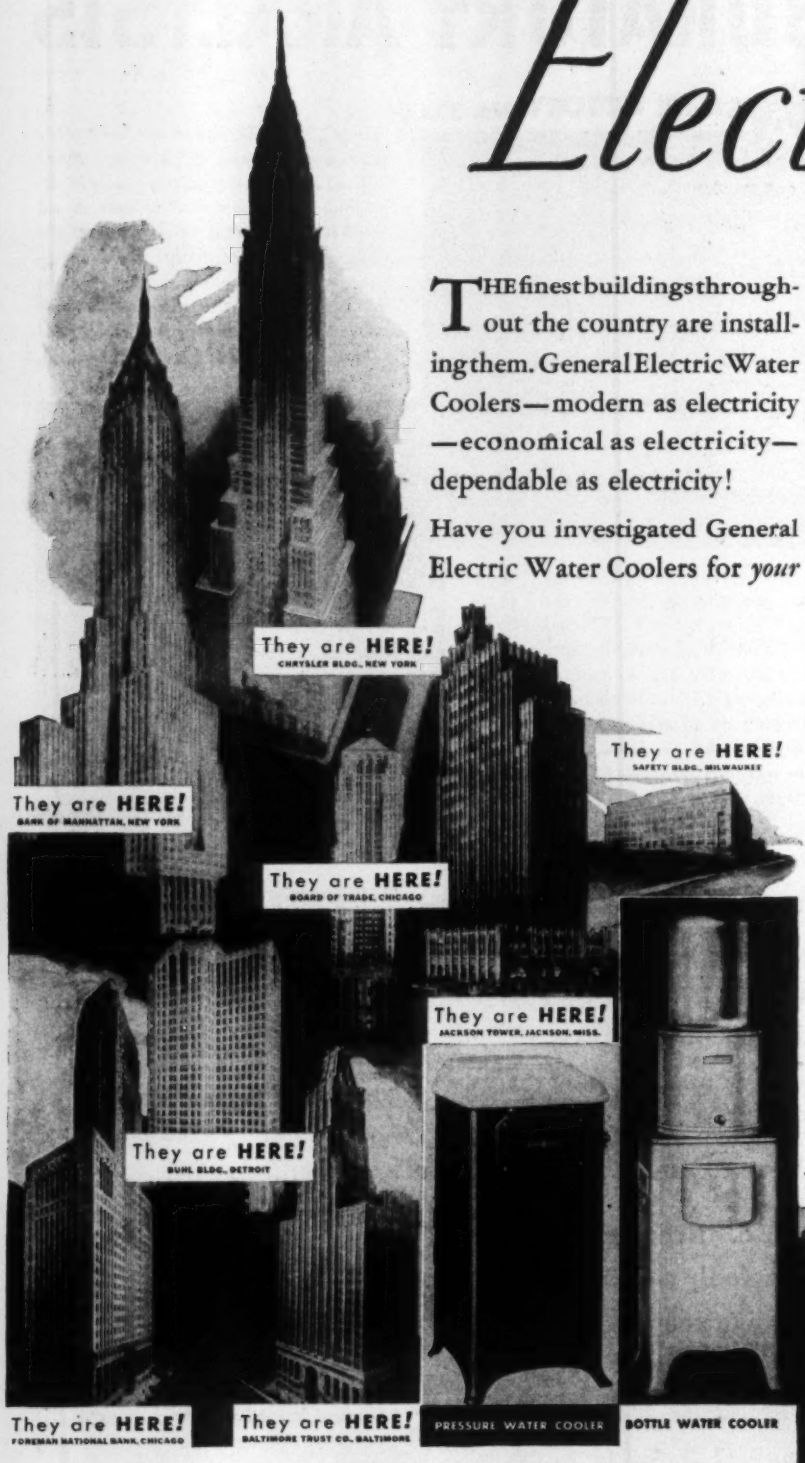

GENERAL ELECTRIC

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What's In This Issue —And Why

Canadian Tariff

CANADA has never fortified the international boundary. Neither has the United States. But now both have paraHeled it with tariff walls, as threatening in their way as guns. *(page 5)*

Shoppers

STORE managers, reading first September sales figures, know that the shoppers are steadily drifting back to their counters. They are working fast to fill empty shelves, depleted sales staffs, before the drift becomes a rush. *(page 10)*

Wheat

RUSSIAN wheat dumping in a weak market worries America, and Britain talks of defense measures. Other news is bullish, and cotton shows strength. *(page 7)*

BRITAIN'S great Co-op ($450 millions sales a year) sends a delegation here to buy Farm Board wheat, finds the Board unenthusiastic, at present prices. *(page 22)*

Overseas Trade

FOREIGN trade for August showed a gain; the President himself announces the figures.

Night Work

THE COTTON TEXTILE INSTITUTE recommends abolishing night work by March, a great step toward stabilizing the industry. *(page 16)*

Oil Conservation

PRORATING plans in the great producing states have helped. Stock of gasoline has been greatly reduced in 5 months, but the industry is nervous over Oklahoma's court test of the plan and California has to adjust prices. *(page 14)*

Russian Credit

FOREIGN nations doing business with Russia are tightening credit terms just now, possibly a reflection of the unfavorable impression made by the Lena gold fields decision. *(page 9)*

Tires

RUBBER manufacturing companies are having a tough time, have had to absorb heavy inventory losses on raw rubber stocks. Merger talk, therefore, is natural. *(page 12)*

Automobiles

THE year promises to be disappointing to automobile manufacturers but the air is full of rumors of new models, new plans. *(page 12)*

Wool

ONE considerable success is to be credited to the Farm Board; it has stabilized wool through its marketing corporation. *(page 18)*

Scrap Iron

SCRAP iron and steel are scarce; it doesn't pay the junkman to collect at present prices. Early upturn is predicted. *(page 20)*

Tariff Doctors

EVERY one of the new Tariff Commissioners wears a doctor's degree; 4 of the 5 were college professors. *(page 16)*

Lumber

DEMAND for lumber slowly but definitely improves. *(page 23)*

Insull

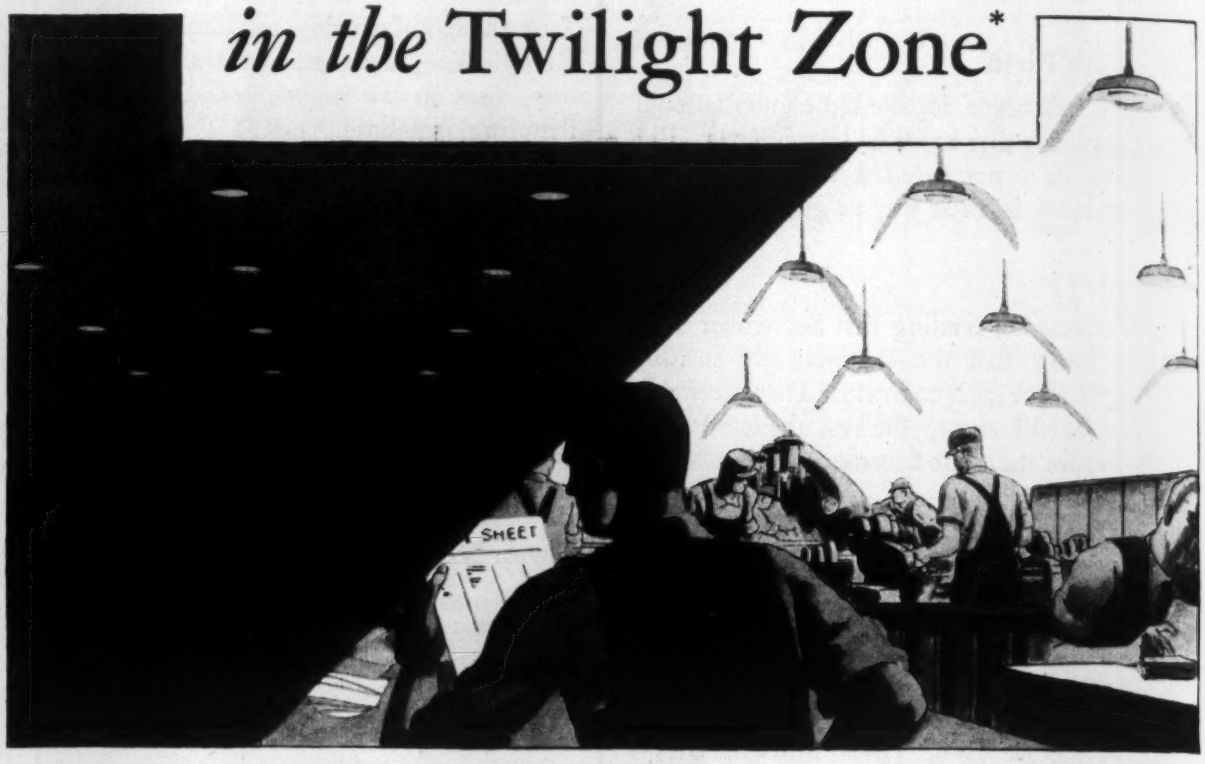
CHICAGO voted July 1 to instruct Samuel Insull to go ahead and give the city a real traction system. Events have moved swiftly since; both financial and physical work progress. *(page 24)*

INSULL interests, far-flung, are pushing ahead with remarkable rapidity, have sold $300 millions in securities this year. It is interesting to trace ramifications of the group and study the personalities that direct it. *(page 26)*

Commodity Prices

ALL the important commodity price indexes tell the same story; August was the bottom. Upward trend has started. *(page 7)*

Costs climb higher in the Twilight Zone*



FATIGUE . . . waste . . . accident . . . all the hazards of the twilight zone are raising the level of costs in 87% of American factories. For the twilight zone is a zone of inefficiency. Its half-light gives only a fraction of the help that can be expected from correct light. It deceives because it is partial darkness masquerading as helpful illumination.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending September 20, 1930

Canada Erects a Tariff Wall On the International Boundary

American Exports Chiefly Affected By Increases; Bennett Provides Penalties for Price-Boosting

PREMIER BENNETT'S emergency remedy for Canadian industrial depression and unemployment proves to be, as forecast, the highest tariff protection ever offered Canadian industry and agriculture. Going into effect the day they were presented to Parliament under the Canadian system of party responsibility, increases on 130 items began on Sept. 17 to give Dominion products unprecedented advantages in Dominion markets over those which are imported from the United States, European countries, and Japan.

Key Industries Affected

Key industries are mainly affected—agriculture, dairying, stock-raising, textiles, agricultural implements, iron and steel, boots and shoes, paper. Duties in some cases are 2 or 3 times as high as before. Canadian products which have specially suffered from foreign competition get special benefits. Those particularly hit by the recent American tariff increases are to be helped by reprisal rates. The countervailing duties of the King government are abolished.

There are 3 classes of duties: British preference (the lowest), intermediate, and general. The last and highest rate is that imposed on imports from countries which, like the United States, have no reciprocal trade agreements with Canada.

Supplementing the tariff increases is new anti-dumping legislation which empowers the government, acting by Order in Council, to establish on any goods values for duty which shall not be less than cost of production plus cost of handling and reasonable profit. Canadian operations of American companies with branches in the Dominion are brought under the rigid control of a provision which imposes an additional "dumping duty" of 50% on goods imported to these branches for further processing and then sold at prices below duty-paid value plus costs of Canadian processing or assembling. Assembling operations in branch plants are also aimed at by tariff rates on parts intended to insure complete manufacture in Canada instead of a mere finishing job on American-made goods.

The threat of Russian coal and pulpwood which has so worried Washington is drastically dealt with by an ingenious provision which gives the government authority to exclude altogether goods of countries not contracting parties to the Versailles Treaty. No one has suggested that Mr. Bennett slipped this provision into his bill as a joker that would permit him to deal as drastically with imports from another country not a contracting party to the Versailles Treaty—just across his southern border.

Washington Stunned

That country doubts if he could deal much more drastically with it than he already has. To say that Washington is disturbed by the Canadian tariff understates the effect that the Premier's retaliatory blow has had upon observers who look to the economic results of political strategy. They have not had time to estimate the full dollars-and-cents effect on our trade but they fear that the new rates will make a billion-dollar market look sick and they are commenting sourly on Senator Watson's confident assertion that a Conservative victory in Canada would not harm the United States.

The substitution of autonomous for countervailing rates in the new Dominion schedules is regarded as an empty gesture, technically removing the charge that the Canadian tariff is a reprisal. Generally speaking, the United States does not export what she imports from Canada, and the new Canadian rates cover many more commodities than those on which duties were raised by this country in June.

Washington finds a few crumbs of comfort. Canada must cleave economically either to Britain or the United States. Premier Bennett's impending trip to London for the Imperial Conference may give him a new and chastening impression of how little the mother country has to bargain with besides an interest in Canadian wheat. Afterwards, he may remember that, while the United States takes away money, it offers more to Canada than Britain can; that in the year ending with July, it bought $223 millions more Canadian goods than the United Kingdom, $234 millions more a year ago.

Commission May Help

In the meantime, the new Tariff Commission at Washington, concentrating its first efforts on Hawley-Smoot rates that have aroused Canadian bitterness—those on softwood lumber, wheat, cattle, fresh cream, maple sugar and syrup, and garden truck—may make downward readjustments on some before the regular session of the Canadian Parliament gets to work on the complete overhaul of the Dominion's tariff promised for early in 1931.

In presenting his emergency tariff to Parliament Mr. Bennett announced that he had taken the unusual course of requiring and receiving from benefited manufacturers assurance that they would not take advantage of its protection to raise prices. The new legislation specifically stipulates that where such assurance is not honored, the government by Orders in Council may remove or reduce rates. Some firms have already promised to lower prices if their sales volume is increased by the handicapping of foreign competitors through increased tariff rates.

However, Washington finds small promise of help in this direction. Only a few outstanding commodities have a fixed price and experience has shown that there is no ready means of measuring what part of an increase may be charged to boosting under the cover of tariff protection. Similar provisions in the tariff laws of other countries have seldom worked.

Other special provisions in the new

Canadian law seek to reestablish home markets for 2 industries destroyed by low rates—the manufacture of window glass, lost to Belgium, now to be brought back if specific duties can do it; the manufacture of fertilizer, lost to the United States when this product went on the Dominion's free list, now to be encouraged by a general rate of 10%. Traction engine manufacturing, which ceased in Canada when import duties were removed a few years ago, will have a chance to revive through a provision which gives the government authority to impose duties of 10%, 15%, 25% under several tariffs when and if Canadian production again becomes substantial.

The automobile industry, untouched in the rate increases, gets special attention in a customs act amendment empowering the Minister of Customs to levy values for duty by fixing a discount from list prices, 20% to 35% higher than wholesale prices, which form the previous duty base. This was forecast in the Sept. 17 issue of *The Business Week*.

In the manufacturing industries, textiles and farm implements get the major benefit in the upward revisions. Household articles, such as washing machines, refrigerators, wringers all take higher duties. Farm and dairy products are placed under rates approximating those called for in the Hawley-Smoot tariff.

While British preferences have been maintained in the Canadian emergency tariff—though narrowed from $4 to $2.75 a ton in the important case of steel plates up to 40 inches—Mr. Bennett goes to the Imperial Conference with a schedule of increased rates on British goods that may make excellent bargaining material.

Factory Use of Power Begins Upward Climb

INDICATIONS that, as forecast by *The Business Week* in June, the bottom of the depression was reached at the end of July are supported by the latest returns received by *Electrical World* on electrical energy consumed for power purposes in some 3,800 manufacturing plants. General manufacturing activity in the United States as a whole apparently started on the upward turn in August. The gain over July operations was slight, only a fraction of 1%; but it came after a steady decline that carried the July index 15.5% below the temporary peak of last February and 25% below the February, 1929, maximum.

August operations were 17.6% lower than in August, 1929, but 0.2% above July.

The gain was general. In New England the rise over July, lowest month in six years, was 4.5%; textiles, leading industry, rose 15% and metal working plants 4%. The North Central states advanced 2%; the automobile industry 12% over July's low. The South gained 3%, despite a further decline in textiles whereby the nation-wide average for that industry was carried down still further.

Exceptions to the general upward movement are the regional averages for the Middle Atlantic states and the West. In the former the decline continued, with August 8.3% under July. The West, hitherto more or less immune to the declines elsewhere, moved down, but is only 7.5% below the August, 1929 figure.

When Soviets Sell, Wheat Sags; It Rebounds When They Cease

Russian Grain Appears as Usual When Prices Are Lowest; Legge Thinks Exports Aren't Bona Fide

BEARS took heavy toll of the wheat market during the week following the release of the September crop reports, but found vigorous resistance after they had driven the price below 80¢. September deliveries in the Chicago Pit declined from a closing price of 85½¢ on Sept. 6 to 80¢ on Sept. 15, but by Sept. 17 had rebounded by about 4¢, the sharpest rise in a long time.

Factors in the decline were partly the very rapid flow of the Northwest spring wheat crop to market, but chiefly persistent pressure of Russian wheat offerings on the Liverpool market.

Russian offerings abroad, now labeled

Wide World

THEY RUN GIANNINI'S BUSINESS

Standing, is Jean Monnet, vice-chairman of Transamerica Corporation (the holding company for Giannini interests). Seated, are J. A. Bacigalupi of the executive committee, Elisha Walker, chairman, and George Webster, vice-president. Plans for expansion have been announced

Bonney

J. LEONARD REPLOGLE

The former steel administrator made some stiff recommendations to the British steel men (The Business Week, Sept. 10)

"dumping," have been a disturbing factor in world wheat markets all year, always appearing when prices have been weakest. Whatever the strategy behind this, the effect last week was spectacular.

Chairman Legge suggests these exports have not been bona fide, but that while Russia has been exporting through Odessa and Black Sea ports, she has been importing through Riga, possibly indicating breakdown of internal transportation facilities. Chartering of vessels for Black Sea wheat carrying has been active. Larger exports are anticipated this month. British wheat markets are alarmed, and there is some agitation for united European action along lines of the recent agreement among the Danubian wheat exporting countries for swapping agricultural and industrial products between them and the rest of Europe. Although Russian wheat acreage is large, there is probably not much for export. There are indications that Russian exports reflect some emergency pressure for foreign exchange.

Factors in the rebound of wheat prices were: A sudden falling off of Russian exports; increased realization that there may be something in the wheat feeding program; and the bullish implications of terms on which a banking syndicate this week undertook to finance the wheat holdings of the Grain Stabilization Corp.

Shortage Looks Real

Following Secretary Hyde's statement that the grain surplus would disappear this season if livestock people were to hold cattle and hogs and feed wheat, Chairman Legge said, "There isn't a bushel too much of wheat in this country; in fact there isn't enough to go around." Reports of a large decline in the French wheat corp, with need for increased imports, together with statements of representatives of the British Consumers' Cooperatives, visiting Washington and Chicago on a wheat-buying expedition (see page 22), helped to emphasize the possible reality of a wheat shortage before Argentine and Australian crops come in.

The Grain Stabilization Corp., carrying 60 million bushels of wheat, heretofore financed by government funds, has arranged with banks, headed by National City and Chase in New York and Continental Illinois in Chicago, to borrow $30 millions to finance present holdings or additional purchases of grain between now and next July. The bull point is that the banks are loaning up to 80% of the market value of wheat being held for the $1.10 a bushel paid for it, as against the 60-cent advance made by the Canadian Wheat Pool to its members. This suggests that banking interests here regard wheat as a pretty good investment at present prices.

The Canadian Wheat Pool—full name Canadian Cooperative Wheat Producers, Ltd.—informs us that it is not afraid of losing its members' support because of the low initial payment (*The Business Week*, Sept. 10). It says:

> The Canadian crop is moving rapidly and records to date show that the pool is receiving its proportionate share. Some pool farmers may bootleg wheat through other channels to get higher cash prices, but the number will be small. One meeting of pool members in Manitoba last month did consider appealing to the provincial legislature for release from their pool contracts but the suggestion was decisively turned down.
>
> The Saskatchewan movement to make wheat marketing through the pool compulsory is of no practical importance. The 100% pool movement has been going on vigorously in that province for four years. The pool has made no plea to the Prime Minister for further governmental financial support at this time.

Always a Hard Job

It is always difficult for cooperative farm organizations to hold members in line when the co-op advances are smaller than outside spot prices. It will be interesting to see how far the Canadian pool overcomes this difficulty.

The cotton market has been putting up steady resistance to further decline under steady buying, especially foreign and limited hedging. Private financing of Farm Board cotton holdings by a banking syndicate similar to the wheat group is under way. Both these things are further evidence of increasing realization that cotton is a good buy at present prices, despite the record of domestic consumption for August, lowest since 1924, and the apparent large stocks.

The New York Cotton Exchange, like the Chicago Board of Trade, is hoping for more active speculation, and moving to facilitate it.

Downsweep of Commodity Prices Stopped, All Indexes Show

IF a buying movement by manufacturers, wholesalers, and retailers is to get under way it will be based upon close scrutiny of current price movements for evidence that price decline is at or near an end. Large buyers, especially of raw materials, will not usually try to catch the very bottom price, but will begin to buy in the last stage of decline, when a turning point seems near and before a large buying movement might start an upturn.

The available evidence indicates that such a period is at hand. The general

wholesale price indexes have shown a marked stability during a period of about six weeks. The various indexes are irregular in their movement, which is usually the case in a period preceding a turn of commodity prices; but the important thing is that there is no evidence of a continuation of general uniform decline such as has been going on during the year preceding this August.

The three main monthly indexes make the following showing: Dun's, an increase of nearly 1% between the beginning and end of August. This is the first upturn in this index so far this year.

Bradstreet's index shows only a very slight decline, practically no change, between the beginning and end of August after a steady downward trend since January. The U. S. Bureau of Labor Statistics' wholesale price index for August is unchanged from July after a continuous fall month by month this year.

Weekly Index Changes

Of the weekly indexes, Fisher's has been practically stable since the first week in August, after a fairly steady decline week by week during July. The National Fertilizer Association's weekly index tended to decline slightly week by week during August but averaged slightly higher during August than during July and turned upward during the week ended Sept. 13. The *Annalist's* general weekly wholesale price index has risen steadily throughout the period which has elapsed since the week ended Aug. 12.

A special sensitive index of selected commodities published by the *Annalist* declined during August but has turned upward since the beginning of September. *The Business Week's* daily index of selected commodities is still tending to decline slightly.

Now More Increases

Dun's weekly record of the number of increases and decreases in prices in its standard list of commodities shows that since the beginning of August the number of increases noted has tended to grow fairly steadily and the number of decreases has tended to decline. The average number of increases during July was 16 weekly and in the week ended Sept. 13 has risen to 38. The average number of decreases during July was about 42 weekly which has declined to 28 in the week ended Sept. 13.

The conclusion to be drawn from all this available evidence is that the general downward sweep of commodity prices was stopped during August. While declines continue in a number of special commodities, they are thinning out gradually and the upward tendency has broadened during September.

Copper Reaches New Low On Big Production Abroad

A 25-POINT break in domestic copper prices followed by a similar reduction by Copper Exporters, Inc., has brought copper to the lowest point since 1902. August statistics discouraged the market. They showed Canadian and South American output has been increasing, has entirely offset the curtailment of U. S. producers.

Sales of domestic copper were made last Friday at 10½¢, for Connecticut delivery; on Tuesday, Copper Exporters, Inc. lowered its price to 11.05¢, c.i.f.

During August, shipment from copper producers' stocks to domestic and foreign customers totaled 95,000 tons, but during the same period total production in North and South America was nearly 121,000 tons. In the United States, alone, August production was 56,800 tons compared with 54,200 in July. Present stocks of refined copper are greater than they have been since 1921; they increased 26,000 tons in August.

The situation is aggravated by the slow movement of copper into consuming channels. Custom smelters, which are interested only in fabricating profits and not in copper prices, continue to do considerable business, some of it at prices running as low as 10½¢ a pound.

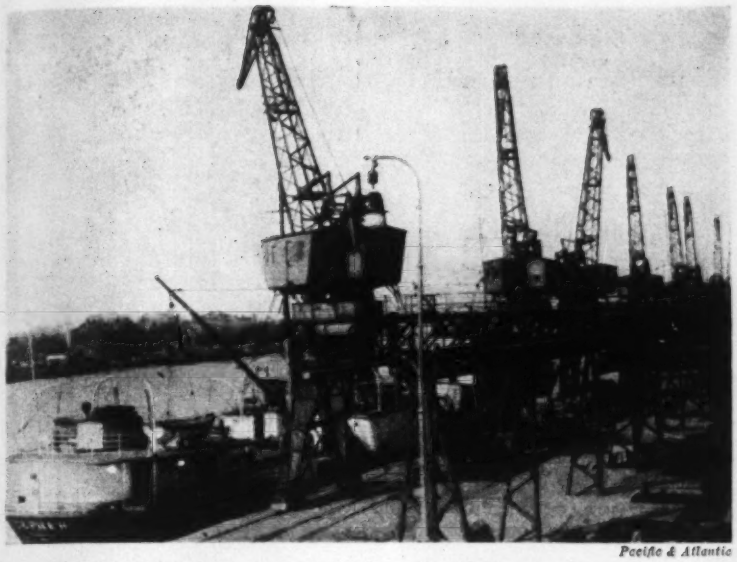
Most large producers have large stocks on hand but are in favorable sales position and have regular incomes from shipments although the copper shipped may not be used immediately. It is not generally understood that copper stocks statistics include copper that has been sold, but not shipped. This form of speculative buying has been practiced quite generally by large consumers during the price decline, particularly during July. They have not called for delivery because their market for fabricated goods has been slack. So, sold or not, the copper is there and must be disposed of before marked improvement can set in.

Export prospects are uncertain. Foreign consumers are not well covered. Most of them been holding off in anticipation of 11¢ copper, which has now arrived.

Pacific & Atlantic

BUDD COMES BACK

The president of the Great Northern (left) is greeted by C. O. Jenks, W. P. Kenney, and L. C. Gilman, vice-presidents. He inspected Russian railroads, advised the Soviets to modernize by American rather than German system. Always the railroader, he saw no political chiefs, has no governmental comments



Pacific & Atlantic

LENINGRAD MODERNIZES ITS PORT

Russia built 6 new concrete warehouses at Leningrad last year and provided refrigerated storage for 11,500 tons to expedite the rapidly expanding butter and egg trade. Now, work is being rushed on 2 new lumber piers to handle annually 1 million tons of timber. Modern loading equipment will reduce handling costs 30%

Russia, Worried by Lena Award, Faces Tighter Credit Terms

WHILE action on the recent Lena Goldfields arbitration award is hanging fire, credit demands on the Soviets are tightening. Scotch industrialists, in accepting latest Russian orders (*The Business Week*, Sept. 17) asked and received the promise of cash terms. It is definitely reported from London that Andrew Kyle & Co. will supply mining drillers ranging from $5,000 to $10,000 each. Mayor & Coulson received contracts for mining machinery valued at $500,000. London speculates on whether these orders are for equipment to work the "filched" Lena properties.

To Build Coking Plant

Only significant contract with Americans announced during the week is with the Koppers Construction Co. of Pittsburgh for the construction of a coking plant at Magnitogorsk, in the southern Urals. Ultimate capacity will be 2,500,000 tons of coke plus by-products. The foundation is already under way. The first unit is scheduled for completion in September, 1931.

Few large orders have been placed in the United States since the $40 million purchase of farm machinery in August. Orders in August have not been published by the Amtorg but, assuming $40 millions for the figure, the total of Soviet purchases in this country for the first 8 months reached $85,373,000, in contrast with $52,193,000 in the first 8 months of 1929.

Moscow is fully aware of the precarious position in which it is placed by the Lena arbitration committee's order that it pay Lena Goldfields, Ltd., $65 millions because, in the committee's opinion, it prevented the company from carrying out the terms of its concession. Foreign capital and confidence are essential if Russia is to get the machinery required for the fulfillment of its 5-Year Plan. If the world accepts the award and Moscow repudiates it, painfully acquired credit may be lost and the great "Plan" go by the board. Those who look askance at everything Russian are already pointing to this incident as proof that Russia is morally irresponsible in business relations. Others in the business world who have extended credit and experienced no defaults are inclined to wait and see.

The Lena concession company, in which both American and British capital is invested, claims that the terms of the 1925 concession were strictly followed by both parties until in 1928, when a change came over the Russian policy under Stalin's relentless dictatorship, and an intensive program for Communization of industry was pushed. After that, the concessionaires claim, efforts to develop the concession were effectively blocked by the Soviets. Repeated complaints brought a mutual agreement to arbitrate the difficulty. Three arbitrators were appointed, a Russian, and Englishman, and a German.

Say Work Was Blocked

During the interval in which these negotiations were going forward, the 14,000 Lena employees, many of them foreign experts, complained that things were going from bad to worse in the far-flung Siberian area; that operation of the mines had become virtually an impossibility.

Lena officials suddenly telegraphed Moscow authorities that operation was being discontinued at once awaiting the decision of the arbitration committee regarding future development. Russia demurred, declared Lena had broken faith, that the terms of the original agreement stipulated continuous operation until mutual agreement made some other plan possible. Thereupon, the Russian arbitrator was withdrawn. Moscow asked for new arbitrators to consider the new problem that had arisen. London ignored the request. The two arbitrators heard various witnesses, decided that Moscow was guilty of breach of contract, should pay the Lena operators $65 millions.

If the Soviets do not flatly repudiate the demand in the arbitration award, they might legitimately contest the decision and ask for an investigation. If their case is clear they would be able to establish world credit relations more firmly than heretofore. If they cannot, they will have to acknowledge themselves at fault and pay the fine in order to maintain public confidence.

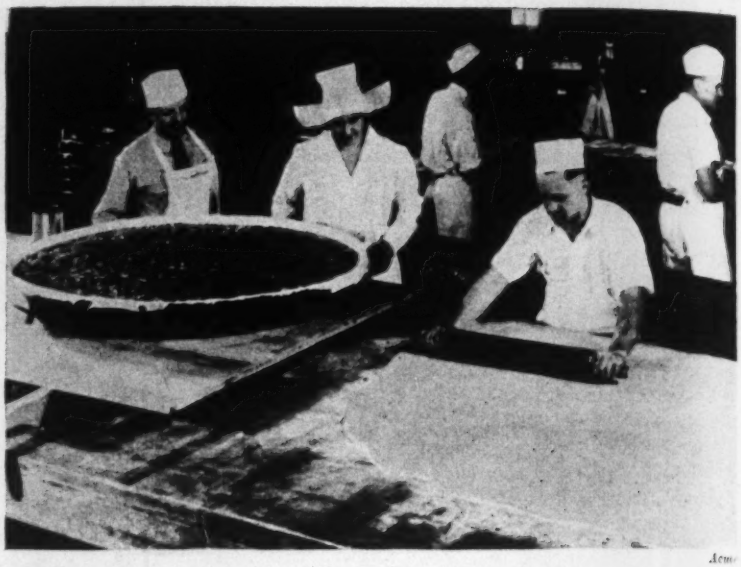
Filling Stations Add Telegram Service

TELEGRAPH companies are going out after business on the highways and byways. Western Union and Postal Telegraph have both induced big oil companies to enter into arrangements for making telegrams receivable at filling stations, but they are operating on different plans.

Filling station men who take Postal

"wires" will bring blanks to the motorist's car, collect the charges for the message and assume the responsibility for transmitting it to the nearest telegraph office. Motorists, bus-riders, and mere pedestrians can get this service from 3,500 filling stations of 9 oil companies—the Standards of New Jersey, Indiana, Pennsylvania, California, Louisiana, Ohio, Nebraska, the Colonial-Beacon Co. operating in New York, the Utah Oil Refining Co. of Salt Lake City. Negotiations pending will add 2,500 more stations to Postal's string. Since the company already has 7,000 branch offices, it will be able to offer service at 13,000 points.

Western Union will install slot telephones in the 320 Shell Eastern filling stations it has already signed up under the new scheme and the 3,000 more it soon expects to have on its books. Users of this service will read their messages over the phone to the nearest W.U. office and drop coins to cover the charges into the slot.



Acme

BRING YOUR OWN SHOVEL

When Swift & Co. tried out their new shortening—Parfay—in California, they ordered this giant pie. Over 4 feet across, 1000 apples, 2 sacks of flour were used. Production of Parfay is confined to the Los Angeles plant, but will be extended as national marketing plans are completed

Stores Find Shopping Revival Is Already Well Under Way

Latest September reports from stores —department stores, chain stores, big and little independents of all kinds— indicate that shoppers are coming back to their counters in steadily increasing volume, catching some of them with empty shelves, boosting the sales records of those that are prepared and have full lines to offer, influencing hitherto neglected territory.

Hesitancy to support the climb to recovery, still very general, is ascribed to the fact that wholesalers, retailers, many manufacturers, have not yet adjusted their thinking to the downward adjustment of prices, continue to compare sales volume strictly on the dollar basis, forget that records showing a drop in dollar volume may conceal an actual increase in total of goods sold.

Dollar Volumes Misleading

Since price cuts taken during the last 2 months have approached 20% in most lines, exceeded that figure substantially in many others, dollar volumes cannot possibly be used as a true measure of the actual trade recovery.

The Great Atlantic & Pacific Tea Co. not only reports increased sales but through its tonnage records offers an important example of the effect of price on volume. Its August, 1930, dollar sales were 4.22% higher than those of August, 1929, although the company had to move 15.94% (53,485 tons) more merchandise to make this showing. Dollar value per ton of goods sold was $224.03 in August, 1929, dropped to $201.39 in August, 1930. Officials report the appearance of a stronger buying interest in all territories and expect this to continue through the fall and winter.

Checking August performance of 50 retail chains averaging a 4.98% decrease in dollar sales, on the basis of A. & P. Co's depreciated tonnage value, would show an actual increase of over 5% in units sold, an unquestionable indication that the public is buying.

August sales increases that need no interpretation are reported by J. J. Newberry, 2.8%; McLellan Stores, 1.2%; Shulte-United, 22.5%; National Shirt, 4.9%.

Department stores, where the highest type of merchandising ability is concentrated, are swinging into line, intent on capitalizing the improved opportunity. Buying orders for merchandise are approaching 1929 dollar values. Sentiment in this field is best reflected in a widespread increase in personnel for which justification is expected in September sales.

In Philadelphia Gimbels has added 600 sales persons, Lit Bros. over 800, expects to add more, states that this exceeds normal seasonal increases.

In St. Louis, Famous-Barr Co. added 1,600; Stix, Baer & Fuller Co., 1,500, Nugents 200; each giving further impetus to business recovery by organizing store-wide sales, expecting to keep up this drive right through to the holidays.

Seattle reports Frederick & Nelsons, The Bon Marche, Fraser-Patterson each increasing its force substantially—well in advance of the usual pre-holiday increase of late November.

Staff Larger Than Year Ago

In Detroit, Hudson Company has added over 900 employees since Labor Day while Crowley Milner now has 300 more than a year ago and is continuing an intensive drive for business through mark-downs, heavy advertising.

Similarly impressive figures come from Buffalo, Pittsburgh, Atlanta, Dallas, Newark, New York City, while a national organization with 20 stores in various important centers says that steady additions to force will continue into middle October.

The stores are watching September figures. One big New York department store reports a greater proportion of dollar volume increase in September, this year, than in any previous year—including 1929. Another finds the ratio

of increase gaining since Sept. 1, after August business had already shown a 10% increase over the 1929 figure.

Wholesalers and manufacturers tell of a rapidly mounting volume of inquiries with the delivery date an important factor in securing orders.

Pacific, Lorraine, and Botany Mills report orders in such volume that night shifts are employed on some numbers, while cutters are beginning to place future orders, evidence of returning confidence.

Berkshire Fine Spinning Associates booked in the second week of September its largest volume since February, the entire line of fabrics being affected by the increase.

Shoe manufacturers in the Boston district find dealers still cautious, anxious to depress prices, but more confident and willing to buy.

The New York Furniture Exchange experienced a heavy increase in advance orders during a special September display of holiday goods.

More Visiting Buyers

New York City, Philadelphia, and Chicago report a larger number of visiting buyers than in any previous September, probably due to the fact that many abandoned their August buying trip and now must replenish depleted stocks.

Food wholesalers have not experienced so pronounced an increase as those in other lines, although A. P. Williams, president of R. C. Williams & Co., New York, credits the first 10 days of September with exceptional increases, tonnage moving much higher than last year although dollar volume is still down.

The National Association of Credit Men, reflecting the general sentiment of its nationwide membership, records a marked pick-up in sales and a slight improvement in collections.

New Radio Season Finds Tubes Backbone of Sales

THE radio industry is all set for official opening of the new "season" with National Radio Week, Sept. 22-28, with the New York Show, and intensive sales promotion effort of every kind.

Dealers, analyzing possibilities of the new season, have come to the conclusion that at least 35 cents of every dollar spent on radio will go for tubes—to become backbone of their business. They are reconstructing their selling machinery accordingly. They have also found that the day of spontaneous, over-the-counter sales of receiving sets is over; that they will now be obliged to go out after business. Radio "furniture," separate speakers, and parts will represent less than 10% of the average radio merchant's gross sales this season, they believe.

Many small dealers face elimination due to inadequate financial ability, lack of business acumen. Department of Commerce survey of 10,553 radio retailers shows two-thirds average but $3,000 sales annually, an amount entirely inadequate to support even the most meager sales effort. This 66% of dealers accounted for only 12% of the total dollar volume.

Towns of less than 10,000 accounted for the same (25%) share of the total sales as did towns of 10,000 to 100,000, indicating interest in radio increases as size of town decreases.

Average annual radio sales were divided thus: department stores, $81,250; music stores, $38,051; radio stores, $26,000; furniture stores, $18,050. Average for all dealers, $13,350. (Department store figure is not considered representative, too few having reported.)

Hardware, drug, jewelry, automotive stores handling radio as a "side line" showed sales far below average, justifying the conclusion that radio still is in the specialty class, requires intensive, concentrated selling. Payment terms are an important factor; 90% of sales were made on instalments.

Three New Entrants In Race of Refrigerators

INTENT on widening its market, Kelvinator Corp., Detroit, introduces the Yukon, new low-priced model listing at $159.50 (Detroit), direct price competitor of the recently announced Frigidaire Gray-Line at $157.50 and Grigsby-Grunow's Majestic electric refrigerator not yet obtainable but to be sold at somewhat above $150 (*The Business Week*, Sept. 17).

Kelvinator plans to remove retailing of Yukon from the specialty field and offer it as a dependable merchandising staple, an over-the-counter proposition for furniture, radio, hardware, and plumbing dealers, even drug stores. Particular attention therefore has been given to simplification of service. Standard Kelvinator cooling and condensing units are used, mounted in simple fashion for rapid removal and replacement. Dealers are merely to replace any troublesome unit rather than attempt spot-repairs. Only distributors will need to be equipped for expert repairing.

Meanwhile Apex Electrical Mfg. Co., Cleveland, makers of washing, ironing machines, vacuum cleaners, announces 2 refrigerator models at under $150;

Wide World

MORE MIDGETS

Merton Johnson, pilot of pint-size plane, is hooking a can of gas from Ray Trask on the bantam Austin. They are running a miniature refueling contest

one designed for single family residences, the other for apartment house installation. Refrigerating units were developed by Lorain Automatic Ice Co. Production of Apex Refrigerators is under way.

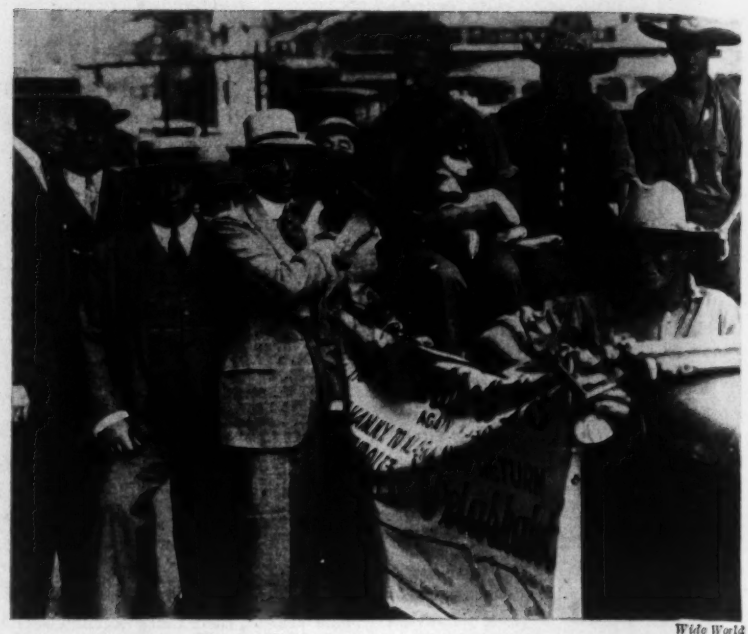
Mergers May Patch Leak in Tire Profits

Members of the tire and rubber goods industry are struggling through one of the worst periods in their history. Mergers appear to offer the only remaining hope for some of the weaker concerns, and the best prospect of relief for some of the strongest. Indicative of conditions, Michelin Tire Co. has closed its American plant at Milltown, N. J., after 23 years' operations.

During the first half-year nearly every important rubber company operated at a loss; prospects for the remainder of 1930 are even more discouraging. The chief difficulty is loss of markets. Decreased original equipment sales due to the low automobile output; decreased replacement demand caused by the advent of higher quality tires and by the drop in public purchasing activities; price-cutting; disappointing exports: all these indicate that total 1930 tire production will not be much greater than 60 millions, 10 millions below 1929.

The steady decline in crude rubber prices—to 9¢ from 21¢ a pound a year ago—has forced the tire manufacturers to absorb heavy inventory losses. While they are still making tires from rubber purchased at much higher than currently quoted prices, some merchandisers, particularly mail order houses, are reflecting the drop in crude in their tire prices.

The industry's most persistent merger rumor is that Goodyear and United States, though well able to weather the present storm separately, are to be consolidated through the activities of Cyrus Eaton, Cleveland steel magnate. Support for this opinion is given in a recent report of Continental Shares, Inc., an investment trust controlled by Eaton and Otis & Co., which showed that it has increased its holdings of Goodyear shares from 76,000 to 97,000. This, with other Eaton holdings, is believed to give Eaton a controlling interest in the company. During the past year also, Continental Shares has acquired 35,000 shares of United States Rubber, bringing its total up to 70,000. At the same time it has rid itself of most of its interest in Firestone and Goodrich, indicating that these companies are not being considered in the Eaton plans.



Wide World

THEIR SPEEDOMETER READS 10,942

New York to Alaska was the vacation trip of these Pelham High School boys. They were welcomed back by (left to right) Eddie Rickenbacker, Alfred H. Swayne, vice-president of General Motors, and Alfred P. Sloan, Jr., president. They used a stock Chevrolet

Motor Industry Sits Tight And Waits for New Models

ALTHOUGH August automobile production has been estimated at only 240,000 units—lowest August output since 1921, 53% below August, 1929 and 12% below July, 1930—there are no present indications of much improvement during the coming months. Ford is expected to carry his program of about 7,000 cars and trucks daily on a 4-day week schedule through October. Many other makers, however, are still further curtailing output.

Chevrolet, preparing for a new model, probably about Dec. 1, is cleaning up old stocks; is expected soon to close its foundry, axle, forge, gear, and spring shops for two weeks. Buick has recently cut production on its new line; Chrysler continues to move cautiously; Hudson, anticipating new models is marking time.

The year now promises to be more disappointing than the most pessimistic forecasts. Total 8 months' car and truck production for 1930 is 36% below that of 1929 and is 15% below the average of the last 5 years. Compared with 1929, just 9 car units have had better than average results during the first 8 months of this year—average being about 65% of 1929 output. The best record has been made by Lincoln, down only 11% this year. Ford follows with a 15% drop; then come Franklin and Pierce-Arrow with 32%, Chevrolet and Buick-Marquette with 34%, Packard with 36%, and Auburn-Cord with 36%.

In these automotive dog days fertile Detroit minds manufacture rumors instead of roadsters. Some of them are particularly fantastic; others appear to have a sound basis. One of the most persistent is that Ford is to bring out an 8-cylinder car. Glimpses of a familiar chassis equipped with an unfamiliar 8-cylinder engine on Michigan highways have led some to believe that Ford is preparing to relinquish what remains almost the last bit of individuality left to his product—its 4-cylinder engine. Stranger things have happened, so the rumor persists in some quarters.

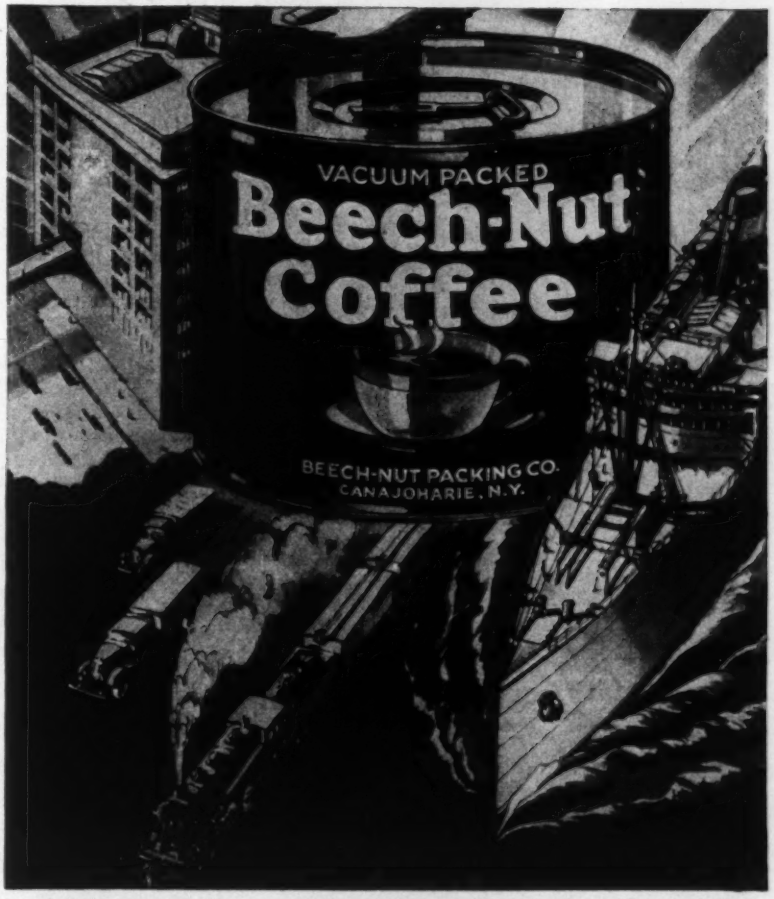
Another opinion of unknown origin has Chevrolet returning to the 4-cylinder field with a second model. This would be a complete reversal of present

Bush helps Beech-Nut serve fresh Coffee

WHEN Beech-Nut added coffee to their well-known line of food products they faced new manufacturing and distribution problems. How could Beech-Nut Coffee be delivered economically to the nation's breakfast tables? Where were the essential pier-side facilities for receiving raw coffees from South America and the Far East?

The solution was found within their own experience. Beech-Nut candy and chewing gum had been manufactured at Bush Terminal for many years. So Beech-Nut decided to roast and pack their coffee also at Bush Terminal, right on New York harbor and at the very gates of the largest single market in the world, with incoming and outgoing freight literally at the door.

This comment from Beech-Nut is interesting: "After eighteen years' occupancy of Bush buildings and use of Bush facilities we are convinced that location, service and costs could not be bettered."



Manufacturer saved more than **55%**

A manufacturer actually cut his production costs in two when he moved to Bush Terminal. Total annual costs *before*, $50,380. Total annual costs *after*, $22,380. 55½% saved! Insurance premiums cut from $4,200 to $180. Power costs were $5,300, now $3,600. Two foremen's pay $4,600 instead of $13,800 for six foremen. Labor receiving raw material reduced from $6,000 to $2,000. Cost of trucking from railroad ($9,000) eliminated. Great gains in quick deliveries and smooth production.

At Bush Terminal a broad, flexible, varied service provides production economies and distribution efficiency. Seven enormous ocean steamship piers; miles of railway sidings; massive warehouses; 6,000,000 square feet of floor space, cold storage; power, steam and heat in any quantities. Highest standards in receiving, storing and delivering goods and unrivalled facilities on an "industrial apartment house" basis.

How can Bush help your Business?

We can't tell you in this advertisement except to say that Bush has solved and is solving so many diverse problems of production and distribution that it's hard to imagine any manufacturer or distributor serving the metropolitan area who could *not* be helped by Bush. Ask us for fuller details of the main service rendered by Bush. Descriptive literature on production and distribution will be mailed you on request. Specific questions will be answered in full by Bush expert service men, thoroughly equipped by long experience to help you discover just how Bush can help your business.

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Chevrolet sales policies. While in active competition with Ford, Chevrolet has never entered direct price competition, but has emphasized a larger car selling for a higher price. Reports that the new Chevrolet model will be larger than the present one confirm adherence to this policy and lend a dubious flavor to the rumored 4.

In October Reo is expected to bring out a new line of cars which is said to look and perform like cars in the highest price classes but which will sell under $3,000. It will be a straight 8, according to report, and its streamline effects will be unusual. Another line of 8's in the medium class, similar to the present Reos, is also expected. The intense activity at Lansing, where Reo operates, has suggested to some observers that, under the leadership of President W. R. Wilson, formerly of Dodge Bros. and Murray Corp., plans may be formulating to join Reo to one of the larger automotive aggregations. Mr. Wilson's financial and promotional record is the chief inspiration for this opinion.

Oil Proration Plans Helpful But Still Beset With Troubles

FOLLOWING the lead of Standard Oil Co. of California, West Coast gasoline prices have been raised 1¢ a gallon and crude oil prices have been dropped 8¢ to 12¢ a barrel, thus aiding refiners at both ends. When the California oil conservation program was instituted the industry planned to distribute its cost among producers, refiners, and consumers by raising both crude and refined oil prices. Crude prices were increased about 25¢ a barrel (now apparently found to be too much), but the price war early this year prevented taking the second step.

Now independent refiners, through the California Oil & Gas Association, have appealed to Standard to complete the plan, thus permitting them to operate profitably which they claim has not been possible for many months. In July gasoline prices were stabilized at 19½¢—including a 3¢ tax—but refineries are running at only 63% capacity with 21 small ones shut down. Several leading companies, including Shell have passed dividends; Richfield's 6-month report showed $588,000 losses.

Small refiners who are also producers have threatened to open their wells unless gasoline prices were increased; this would flood the market with crude, bring drastic reductions and probably another gas price war. Large companies are trying still further to curtail output, which averaged 618,000 barrels during August against an allowable quota of 596,000. They hope to decrease the quota to 550,000 barrels.

Julian Suit Watched

The outcome of C. C. Julian's suit against the Oklahoma prorationing law is being watched with intense interest. Upon it rests not only the Oklahoma agreement but also similar agreements in other states which have governmental backing. A hearing before the state Supreme Court to make permanent the temporary injunction restricting the Corporation Commission from enforcing its proration orders will be heard within a few days. Nearly all important Oklahoma operators are backing the commission in its fight against Julian; they see chaos ahead should he win.

In general, curtailment programs have been effective. During the first 6 months of 1930, crude oil output totaled 469 million barrels compared with 486 million for the same period last year. Imports for the same period of some 2½ million barrels less than in 1929 have also contributed to an improved condition of stocks, which are still 20 million barrels more than a year ago.

Effective in Oklahoma

Curtailment has been most effective in Oklahoma. Allowable output is 25% of potential capacity, but by agreement operators have kept production to less than 10%. At a meeting this week in Tulsa, South Oklahoma operators were expected to request an increased allotment to bring total output up to about 12½%. Sentiment was opposed; no action was taken.

A few weeks ago the Texas Railroad Commission reduced production in that state to 750,000 barrels daily, a decrease of about 80,000 from average daily production.

According to Dominick & Dominick, gasoline stocks have declined from an all-time high record of 54,739,000 barrels in March to 38,815,000 on August 15. This represents about 29 days' supply.

Underwood & Underwood

AN OIL MAN'S DREAM

The Coyote Hills field, in California. Oil flows from the well in the hills to the tank-farm in the foreground, by gravity

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Keystone

A HAPPY FUNERAL

Governor Pollard, of Virginia (lower right) delivers the funeral oration at the mock services for Business D. Pression, his wife Mrs. Pessimism, and their daughter, Miss Fortune. Willing hands threw them into Chesapeake Bay

Cotton Textile Institute Takes Lead in Move to End Night Work

Success of Plan to Eliminate Women and Children Will End 24-Hour Runs, Check Over-production

THE recommendation by The Cotton Textile Institute that night work for women and minors in cotton mills be eliminated by March, 1931 at the latest, is one of the most momentous actions taken by the industry in many years. The immediate significance of what apparently is a social measure is that the elimination of women and children will make night operations economically impractical.

The industry by this action embarks definitely on a course which has been the subject of more controversy than any other one phase of textile manufacturing. It takes what is regarded by far-seeing leaders in the South, as well as in the North, as the most direct avenue to a sound position and an assured future for the cotton mills of the country and their employees.

Too Many Emergencies

Textile World quotes a textile manufacturer as thus succinctly summarizing the history of night work: "We operated at night during the war to meet an emergency; we continued it after the war to meet a price; we have persisted in it of late to take care of our workers." Today, however, more and more manufacturers are becoming convinced that better care can be taken of their workers by the elimination of night work rather than by its continuance.

Not Enough for Both

The recommendation of the institute undoubtedly was influenced to a considerable degree by economic conditions. Experience of the past few years has convinced the industry that there is not normally enough business to permit full-time operation both day and night. But the social side of the picture also has been a vital factor. Particularly, the hardships accruing to all operatives through part-time operation, which is now widespread and serious, have been influential in bringing forth a plan whereby it is hoped that prosperity can be assured to those workers who remain.

In view of the success with which the institute put across its "55-50" plan for a uniform working week (*The Business Week*, Mar. 12), it is fully expected that similar methods of group meetings and individual contacts with leaders of the industry—this time supported by strong public sentiment in favor of the social aspects of the plan—will be effective in obtaining substantial support for the elimination of night work.

Leaders of the industry, such as W. D. Anderson, H. R. Fitzgerald, Eben E. Whitman, Donald Comer, Henry P. Kendall, B. B. Gossett, T. M. Marchant, for years have carried on educational work to gain the end which now seems assured. More recently, the meeting last January in Washington of Cotton-Textile Institute officers, leading mill executives, and government officials, and the recent action of the Cotton Manufacturers and Merchants Association of South Carolina have given considerable impetus to the movement.

5 Doctors, 4 Professors On New Tariff Board

AFTER taking his full 90 days to select a new Tariff Commission, President Hoover created no great surprise with the 3 names handed down. Picking men has been difficult. Getting men to accept has been even more difficult. So the three appointments were from the old commission. As predicted, former Chairman Edgar B. Brossard (Rep.) and former Vice-Chairman Alfred P. Dennis, (Dem.) still are commissioners. In addition, John Lee Coulter, former chief economist, comes on as a Republican member. Henry P. Fletcher is the new chairman and Thomas Walker Page is the ranking Democratic member. One more Democrat remains to be named.

All of the five members have doctor's degrees and all but the new chairman have been college professors in economics and related subjects. It is regarded as a moderate commission.

Since the flood of Congressional and private applications totaling 84 items, or 35 separate investigations, everyone has kept quiet. New requests under the flexible provision have been few—fir, spruce, hemlock, and cut flowers for increases, casein and men's silk opera hats for decreases.

A Misprint

MAXWELL HOUSE coffee, in a recent issue, was quoted at 24 cents, a rather obvious misprint for 34 cents.

August Record Of Employment

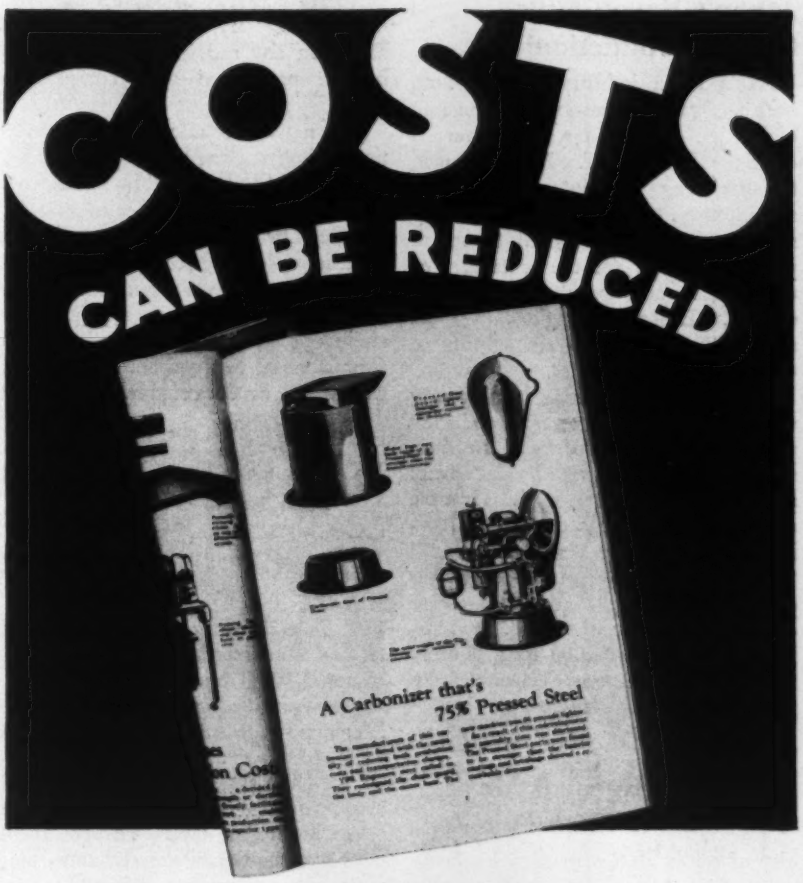
AUGUST employment statistics just compiled by the Bureau of Labor Statistics show further decreases in employment. Compared with July, August employment in 13 industrial groups declined 1.4% while employee earnings declined 2.6%. Manufacturing industries alone showed a decrease of 2.1% in employment and 2.6% in payrolls.

In only 4 of the major groups were there increases and in 3 of them—canning and preserving, bituminous mining, and hotel employment—they were chiefly seasonal. The fourth group comprised power, light and water plants, whose construction programs have kept employment levels high. Decreased employment among the other 9 groups ranged from 12.5% for anthracite mining to 3.8% for retail trade; 2.5% for electric railroads; 2.1% for manufacturing; 2.4% for petroleum production; 1.9% for metalliferous mining; 1.2% for telephones and telegraphs; 1% for wholesale trade; 0.9% for quarrying.

In manufacturing industries the textile group showed a fractional increase in employment and a 2% increase in earnings due to increased activities in woolen and worsted goods, carpets and rugs, dyeing and finishing textiles, women's clothing, and millinery. Leather and boots and shoes both registered small increases in employment and earnings. Chemicals were aided by higher employment in chemical and fertilizer plants. Other employment increases occurred in steam fittings, stoves, furniture, paper and paper boxes, cement, pottery, tobacco, pianos and organs, rubber boots and shoes, and shipbuilding.

Outstanding decreases in employment were machine tools, 13.6%; agricultural implements, 13%; cane sugar refining, 7.2%; automobiles, 5.9%; cigars and cigarettes, 5.3%; foundry and machine shop products, 5.2%; about 4% each in cotton goods, hardware, sawmills, and structural ironwork; 3.6% in iron and steel; 3.4% in automobile tires.

Each of the 9 geographic divisions reported fewer employees in August than in July, although the East South Central and Pacific divisions showed increased payrolls during the same period. The outstanding decrease in both items occurred in the East North Central division, including Ohio and Michigan, where slackness in the automotive industry exerts its greatest effect.



JUST as hundreds of manufacturers in many different industries have reduced production costs you can do the same.

Eighteen concrete examples showing how YPS Redevelopment Engineers have helped cut costs will be found in the new book, "Adventures in Redesign," one page of which is shown above. And this book tells, too, how weight has been reduced, breakage eliminated, strength increased, assembling simplified, eye value added and new markets opened up with Pressed Steel.

Without the expenditure of a single dollar — without the slightest obligation — you can easily take advantage of this YPS Cost Cutting service. Send for this "FACT" book today. Pin the coupon below to your business letterhead.

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Name.....*Title*.....

Japan's Rayon Mills Curtail Production

JAPAN'S rayon industry, after a long period of rapid expansion, has run into difficulties. Public buying power is down; sales are off. Manufacturers, through long acquaintance with the silk industry, know how to meet such a situation. All have agreed to curtail production 20% for the remainder of the year, in addition to a former cut of 5%. Expanding markets in India and in the South Seas are helping to offset the domestic losses.

The rise of a vigorous rayon industry within the world's largest silk producing nation came primarily through an internal demand for cheaper apparel. Swiss and British firms entered the Japanese market and built up a prosperous business. In 1923, the Teikoku Artificial Silk Co., Japan's largest producer, was organized. Now 7 companies are operating 9 plants, all viscose. Production in 1929 was 12,000 tons, 5 times 1926 figure. Exports of rayon textiles in 1929 were $13 millions.

Industry's Records May Be Kept on Cloth

USE of cotton cloth for office stationery is developing increased interest in the textile field. Back-filled print cloth is being used.

While the business is not running to large volume as yet, and while obstacles in the way of general acceptance are reported, use of cloth stationery by cotton mills, cotton machinery firms, and the raw cotton trade is regarded as being in itself an important business possibility. In addition, its use for permanent office records in general business seems promising. Opinions differ on comparative cost between paper and cloth, although printers assert that prices on the latter compare favorably with those on high-grade bond paper.

Cotton Mills Discuss Stabilizing Corporation

THE fine cotton goods industry is watching with keen interest negotiations now being carried on by representatives of Berkshire Fine Spinning Associates, Inc., United Merchants & Manufacturers, Inc., and other mills of Bedford, Fall River, and the South for the formation of a "stabilizing corporation." As planned, the organization is to be capitalized for at least $1,000,000, will have authority to buy up and junk mills if necessary, but will be engaged chiefly in any activities which tend to balance production with current demand.

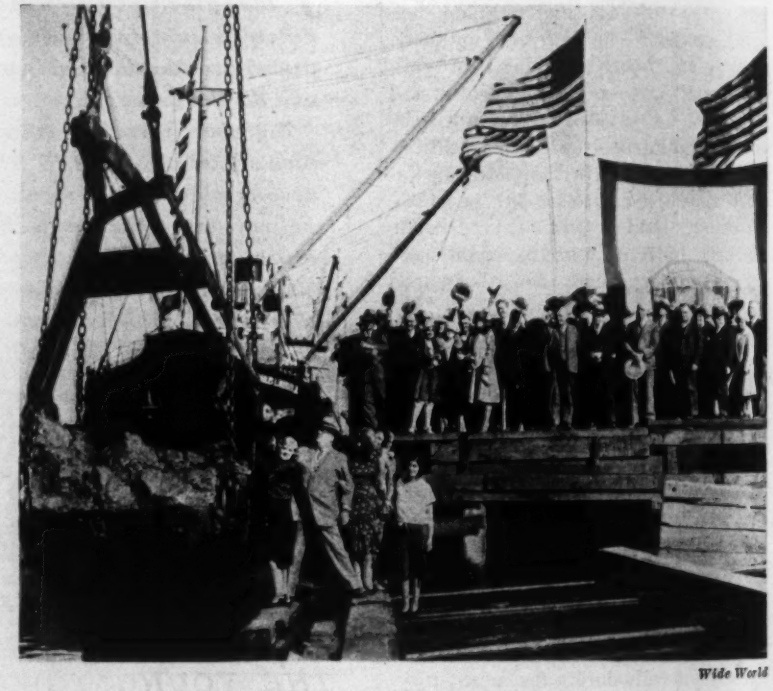
The negotiations look to a corporation wholly owned by participating mills, capital to be levied by assessments proportioned to the number of spindles operated by each member mill and paid in only as needed to carry out the corporation's program. Committees understood to have been appointed include one to negotiate for the actual formation of the corporation, another which will be entrusted with the duty of determining what proportion of full capacity operations the industry is warranted in maintaining.

Widespread discussion of the proposal has taken place in Boston, New York, Fall River, and the South. In Fall River it has led to a general meeting of mill treasurers. Claims are made that a large number of mills in New England and the South have indicated their willingness to join. Present indications are that the corporation will represent at least 4,000,000 spindles, although this will be doubled if all mills now considering the proposition actually take part.

Wool Market in Healthier Shape Under Farm Board Sales Plan

THE Federal Farm Board has attained at least one important objective. The National Wool Marketing Corporation, grower-controlled creation of the board, is credited with success. A strong and well-established market has been maintained. The trade has been encouraged by the corporation's policy "to maintain prices at present levels, advance them whenever conditions warrant, and maintain a greater stabilization of values." Loans of 90% of the market value to members of cooperatives have prevented the dumping of wool on the market, and have forced the independents into line for orderly marketing.

Wool manufacturers are passive. The plan has successfully firmed wool prices in recent weeks, but buying is still cautious. Fear that the new cor-



Wide World

SAN FRANCISCO WILL BE BIGGER

Reclamation of Islias Creek will add 280 acres to the industrial district. On the made land will be a terminal for the Western Pacific and Great Northern railroads

poration would hold back large reserves proved without foundation. This has inspired some confidence in the scheme.

Growth Exceeds Forecasts

Cooperative marketing has given the growers 3¢ to 5¢ more a pound, according to F. J. Hagenbarth, president of the National Wool Growers Association and chairman of the board of the marketing corporation. To date this year 124,000,000 pounds, 40% of the domestic clip, have been delivered to the 20 regional and state cooperatives. This exceeds the hope expressed by the Farm Board in January that 25% to 30% would be marketed through the national corporation. The corporation estimates it will handle 50% of next year's clip. Last year 20,000,000 to 25,000,000 pounds, or less than 10% of the clip, was marketed by the individual cooperatives now in the national organization.

The wool marketing system is unique in that sales are handled by a private firm. Draper & Co., one of the largest wool houses in Boston, bid for the Farm Board business at a time when it appeared to be a huge gamble. Draper's annual turnover previously had exceeded 50,000,000 pounds. The company is handling the cooperative output at an extremely low cost per pound. It has increased warehouse facilities in Boston and other eastern markets and put up new warehouses in the Middle West.

With an enormous tonnage to select from, the marketing corporation is able to offer all customers, large and small, any type of wool in any quantity they desire.

Ohio a Seceder

Had it not availed itself of the machinery of a well-established private house, the marketing corporation might have had to undergo a long and costly experience in building up its own selling organization.

The Ohio wool cooperative dropped out of the national corporation after figuring prominently in its organization. New connections have been formed for the Michigan and Indiana cooperatives whose wool Ohio previously marketed. The Ohio group charges the national corporation made a determined effort to break up existing pools which do not see fit to submit to its policies. The insurgents picture the grave possibility of the national corporation becoming a dealer-controlled, dealer-minded organization. The Ohio group also claims that the operations of the national cor-

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GOOD idea; *look into it.* Big savings are easy through applying Ditto to system work; where whole sets of forms are used, frequently varying in size and weight—from original order to shipping tags.

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poration have resulted in an increase in expense with less efficient service.

Other state organizations have displayed entire confidence. Colorado is the most ardent supporter, with 90% of its clip on a cooperative basis. Texas, with more than double the production of any other state, is from 75% to 80% cooperative; New Mexico and Utah 70%; Wyoming 50%. One or two new units are expected to qualify for contracts next year. They must show at least 500,000 lbs. of wool.

The corporation has needed a minimum of money from the Farm Board. The original commitment for temporarily financing the central agency in making pre-shearing advances to the growers of $1 per head totalled $1,000,000; the corporation did not draw the entire amount. Advances subsequently made by the board on warehoused wool total approximately $8,250,000, mostly in loans supplementary to those made by the intermediate credit bank at Springfield which, under charter, cannot make loans in excess of 75% of the market price.

Beyond what the Farm Board has put in, the amount borrowed by the corporation is about evenly divided between the intermediate credit bank and private banks.

The wool dealers in Summer Street still are striving to discredit the marketing corporation. All wool-producing regions are blanketed with their agents. The fact remains that in the wool industry the Farm Board's work has been a conspicuous success.

Scrap Iron and Steel Are Due for a Rise

SCRAP iron and steel are expected to be among the first major commodities to start an upward price trend. Benjamin Schwartz, director-general of the Institute of Iron & Steel Scrap, Inc., reports, after an extensive survey of the situation, that such a rise is soon due.

One of the chief factors is the slackening in activities among metal-working plants which has greatly decreased scrap output, particularly in the heavier and better grades. Prices have remained fairly stable during the past year. The scrap operators have had no incentive for storing material but have continuously manufactured and marketed their scrap so that their current inventories are relatively low.

In addition, scrap prices have been so low that the flow of country scrap, collected by some 150,000 itinerant truckmen, has virtually ceased in most localities, thus cutting off another source of supply which, in total, is important. Meanwhile exports of scrap iron and steel have held up. They are the largest single item of steel and iron goods exported; if 1930 exports continue at their first-half-year rate the annual total will equal or exceed the record-breaking 500,000 tons of 1929.

Stock Prices Now Compare Favorably With Earnings

While the Popular "Averages" Seem High by This Test That's Because of "Blue Chips"; Others Are Deflated

THE current relation between corporation earnings and stock prices came in for fresh scrutiny as a result of references to the subject in an address before the New York Merchants' Association by Richard Whitney, president of the New York Stock Exchange, and of recent reports by statistical services.

Close analysis reveals that, while the market favorites used in the various popular "averages" are now selling at prices higher in relation to earnings than at almost any time prior to the late boom, most groups have been fairly well deflated. Whereas the average prices of the 90 stocks used in the Standard Statistics index of stock prices appearing regularly in *The Business Week* are 15.6 times their present published or conservatively estimated earnings, studies based on a broader base covering 513 representative stocks in 43 industrial groups place the ratio of prices to earnings at 10.77. In years before the "new era" theories gained credence, prices of 10 times earnings were accepted as "about right."

The high ratio shown by the "blue chips" is indicative of the strong conviction of investors and speculators that better times are coming, making them good futures. At the same time, the

International News

THE NEW OLD LADY OF THREADNEEDLE ST.

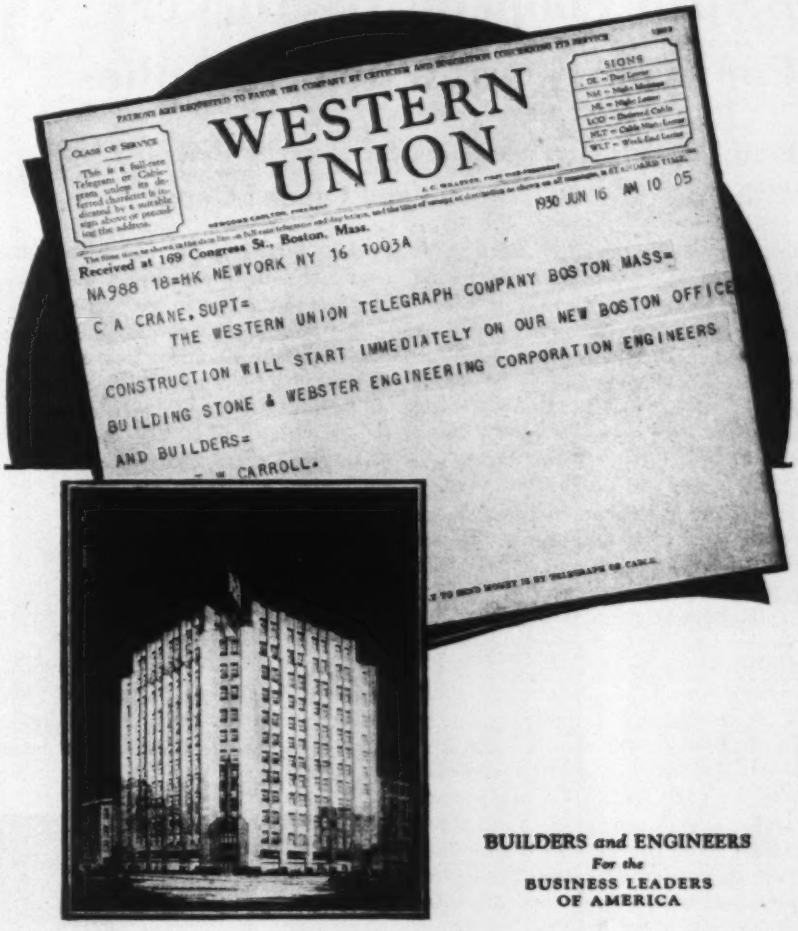
She sits above the new entrance of the Bank of England, looking down her nose at the traffic. Still fenced by scaffolding, the new sculpture was unveiled to give the heads of the bank an advance look

failure of the "averages" based on these stocks to decline as far in relation to earnings as they have in previous slumps has brought others in the market to the conclusion that stocks are not yet sufficiently deflated, that a substantial rise is unlikely until either earnings go up or stocks go down still farther.

The highest ratio of the post-war years before the bull market was 13.3; it reached 18.5 in 1927, 19.3 in 1928, 24 in 1929. High for 1930 was 21.6. But pessimistic observers point out that the 1930 low of 14.6, is well above the low reached in any previous year; that following the market collapse of 1921 prices fell to 9.7 times earnings, with succeeding lows of 9.7 in 1923, 9.1 in 1925 and 9.8 in 1926 as compared with 11.8 following last fall's crash.

However, as noted, the currently quoted "averages" represent the favorites, not the broad market; the increasing popularity of common stocks as investments has made buyers willing to go along with a higher ratio on these issues than would have satisfied them in the past; corporation earning power has risen more rapidly in the last 5 years than in any previous half-decade; and, finally, many of the better stocks can be shown to be well deflated even under the times earnings test. This becomes evident from a study of the following table based on August figures compiled by Pynchon & Co. showing price in relation to earnings on 513 stocks:

Industrial Group	*Number of Companies*	*"Times Earnings" (August Prices)*
Agricultural chemicals	3	5.
Agricultural machinery	5	9.25
Apparel makers	5	9.25
Aviation	3	23.5
Business equipment	5	11.5
Cement, asphalt	5	9.5
Chain stores	26	10.75
Industrial chemicals	16	11.5
Coal mining	4	11.75
Confectionery makers	6	12.25
Construction equipment	13	7.75
Copper mining	15	6.
Dairy products	6	13.50
Drugs and cosmetics	8	8.75
Electrical equipment	8	10.75
Food manufacturers and distributors	12	13.
Food products	9	11.75
Household products	17	9.75
Insurance companies	4	12.75
Investment trusts and financial companies	13	29.
Leather and shoes	6	8.5
Machinery and machine equipment	15	9.5
Mail order, department stores	21	8.75
Meat packing	3	14.75
Mining and smelting	16	8.5
Motion pictures and theaters	7	6.75
Motor accessories	31	6.25
Motors and trucks	16	8.75
Oil producing and refining	38	10.5
Paper manufacturing and products	4	11.5
Printing and publishing	9	9.25
Public utilities	31	18.25
Radio and phonograph	3	20.5
Railroads	37	9.5
Railroad equipment	17	10.25
Real estate management	4	8.75
Rubber products	4	5.25
Shipping and commerce	5	9.25
Steel and iron	30	8.75
Sugar refining	5	8.25
Textile products	7	9.
Tobacco products	14	8.5
Municipal transit	7	6.5
	513	10.77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British Cooperatives Dicker For American Wheat Supplies

Find Farm Board Stubborn at Present Prices; Also Interested in Tobacco and Canned Goods

ESTABLISHMENT of direct contacts for the purchase of wheat, tobacco, and canned goods from cooperative producers in the United States is the object of the delegation representing the Cooperative Wholesale Society of Great Britain which, during the past week, submitted its proposal to President Hoover, the Federal Farm Board, and the Farmers' National Grain Corp. This great consumer cooperative has been purchasing California canned goods for years and is also credited with a plan to introduce a blended cigarette to Englishmen who now smoke only Virginia bright leaf straight cuts and Turkish cigarettes.

Arrangements to buy direct from American cooperatives probably will be limited to wheat this year, but successful negotiation of a purchase agreement with the grain corporation may presage similar arrangements with tobacco and canned goods cooperatives if and when they are organized. The British cooperative apparently is not interested in contracting for a supply of cotton from the American Cotton Cooperative Association, although the British organization makes its own cotton goods as well as milling the flour which it sells to the 5,000 cooperative retail stores included in its membership and providing it with an annual gross sales total of $450 millions.

Dominions Have a Pledge

When it was revealed that the purpose of the British visitors was to buy wheat and not to complain unduly about the new American tariff, it was thought first-off that this would give the Grain Stabilization Corp. a plausible excuse to unload the 60 million bushels of the 1929 crop which is still displayed in its show-case. The Farm Board announced immediately, however, that this wheat would not be marketed until the price again had reached $1.10, at which most of it was bought. Otherwise, the result would be to restrict the British market for the 1930 crop, although there is no reason to believe that the British cooperative will purchase American wheat exclusively in view of the pledge by Arthur Henderson, British Secretary of State for the Dominions, to throw British purchases of wheat to the Dominions.

The British visitors did discuss the new tariff with President Hoover. They claimed that it would cripple Anglo-American trade and intimated that if England buys wheat in the United States, the American tariff should be adjusted to maintain the market for British goods in this country.

First Klan Nightshirts, Now Fascist Black Shirts

IN Georgia an "American Fascist Association and Order of Black Shirts" has sprung up to champion native whites against the negro. The thing has been brewing for years. Now that it has come, thoughtful Southerners are distinctly afraid of it. For some time, Southern newspapers gave the movement as little space as possible, remembering that the Klan was insignificant until attacked and advertised by the press. Now the attack is on. Whether it will spread or stifle the movement soon will be seen.

In that its purpose is economic rather than political and religious, this differs from previous movements. It is something more than a transition from nightshirt to black shirt. The new aim is to supplant black labor by white when the fields overlap. Immigration restriction is mentioned but is in the background.

This is an urban and industrial rather than a farm problem, since white men do not so much covet cotton picking.

Unemployment and economic stress have brought bad feeling to a head. For example, when a highway contractor recently brought his gang of negroes into Arkansas, there were riots. Quieter but more effective pressure on employers is charged to Georgia black shirts. Boycott and intimidation are being mentioned.

The order is said to number 21,000.

Acme

BRITISH CO-OPS CALL ON HOOVER

Representatives of a British consumers' cooperative, which mills more flour than any other in Great Britain, visit this country to encourage reciprocal trade with farmer cooperatives in the United States. Left to right, Herbert L. Bodman, president New York Produce Exchange; Robert Fleming, London; W. J. Murphy of the Produce Exchange; A. M. Hobley and Joseph Bradshaw, London

Failures Drop, Liabilities High

THE severity of business failures, as indicated by the average liabilities involved, has tended to be higher during the depression this year than in any year since the period 1920-1924.

Dun's figures for the number of failures for August show the usual seasonal decrease. August is usually the lowest month of the year. They fell below 2,000 for the first time this year, and were 5.7% below July. Liabilities, however, were 23.5% over July. There were 91 failures involving over $100,000 liabilities—the largest number for the month on records going back to 1917. The average liabilities per failure were $25,709—with the exception of June, the highest this year.

From the point of view of their severity, peak months in failures appear to have been December, 1929, six months after the recession began, and June, 1930, when it had entered its last stage.

The average liabilities per failure last December ($33,120) and this June ($31,160) were about on a par with the record high average figures for 1920 and 1921. This is an indication that the cleaning-out process has gone through a lot of the smaller, weaker concerns, has reached some larger ones.

Demand for Lumber Is Slowly Improving

SLOW but definite improvement in demand for lumber in the past few weeks is indicated in reports to the National Lumber Manufacturers' Association. Curtailment of production continues, but the ratio of orders and shipments to output has been better than the average so far this year and has shown steady improvement. For the week ended Sept. 6, orders received by hard and soft wood mills reporting to the association were 97% of production; hardwood mills showed demand 95%, and softwood 97%, of output. In the preceding week orders were 94% and shipments 97% of production, and in the week before 94% and 96% respectively. These ratios compare with an average during the thirty-five preceding weeks of orders at 91% of production and shipments at 94%.

An increase in sales to retail distributors, and in sales and stocks of retail dealers is expected in September.

CLEAN AIR

INCREASED DULUTH'S SCHOOL ATTENDANCE

Another example of the economies of filtered air—reduced heating, cleaning and redecorating costs and improved health conditions in Duluth public schools.

In the Endion School, typical of the entire group, the effects, determined in a survey by the A. C. Nielsen Company, Engineers, were: (1) *Fuel Saving:* An annual saving of $714.00 in fuel cost, attributable principally to recirculation made possible by air filtration. (2) *Labor Saving:* A 75% reduction in cleaning requirements. (3) *Redecoration:* A probable extension of the period between inside redecoration from 3 to 4 years—saving $105.00 per year. (4) *Improved Hygienic Conditions:* A decrease of 13.8% in absenteeism, due wholly to air filtration and humidity control since there were no epidemics during either period under consideration.

American Air Filters protect health, reduce heating costs, save redecorating expense, prevent stock losses, control molds and bacteria, collect dangerous or valuable dusts, insure cleanliness of product, protect electrical machinery and prolong life of Diesel engines and air compressors. Fully described in literature which we will be glad to send you. Fill in and mail the coupon or write for full details to our Engineering Department. No charge. No obligation.

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In stores, theatres, hotels, auditoriums, etc., American Air Filters safeguard health, increase personal efficiency, reduce property depreciation, lower maintenance costs. Among prominent retail store users are Titche-Goettinger, Dallas (pictured above); Wanamaker's; Gimbel's; Macy's; Hudson's; Carson, Pirie & Scott; Strawbridge-Clothier.

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Broad Business Problems Climb Aboard the A.B.A. Program

Scheduled to Talk on Branches, Taxes, and Earnings, Bankers Are Certain to Discuss Depression Relief

WHEN the American Bankers Association meets for its annual convention in Cleveland, Sept. 29, it will find its official program topics—the branch-group-chain-unit banking question, bank taxation and bank earnings—fighting for attention against the pressure of unofficial subjects forced on it by the exigencies of the present business situation.

Whatever the platform speakers talk about, the informal discussions will revolve around the all-important question of the proper relation of banking to business in times of financial stress. Lobby conferences will debate the merits of the majority banking opinion which says that finance has done all it can to relieve depression in providing the lower rates now available and what is alleged to be a plethora of funds; will argue the soundness of the growing minority which asserts a higher responsibility for the relief of the credit restriction that has sent prices sharply downward—a responsibility dischargeable primarily through the Federal Reserve system, secondarily through the banks.

The official program itself should be provocative of lengthy discussion. The branch banking question, somewhat sidestepped by last year's convention, has derived fresh importance from Congressional investigations and new group expansions in recent months. Whether the A.B.A's diversely-minded membership can be brought to a definite stand on the question is problematical.

The Taxation Problem

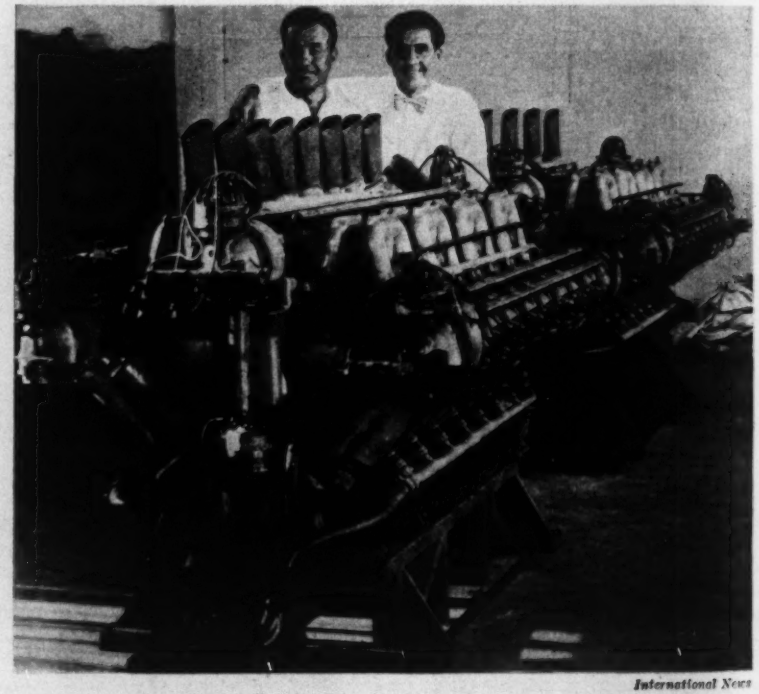
Bank taxation presents a problem of concern to all financial institutions. Section 5219 of the federal statutes is the nub of the controversy here. Congress has provided that states can tax national banks at a rate no higher than other financial institutions. They cannot tax state banks at a rate higher than national banks without driving these state banks into national ranks. They have leaned heavily toward excise and franchise taxes on the basis of income, but this plan has been blown up by a Supreme Court decision which points out that a good share of bank income is derived from investments in government bonds and these are non-taxable as to both principal and return. So a new plan must be devised and the A.B.A. has one ready, highly complex, based on bank shares and their increment. But if the states sought the same amount of revenue without touching government bonds, they would be forced to tax other forms of capital too heavily.

The subject of bank earnings goes deep. Earnings were greatly affected by business depression, resulting in losses on commercial loans. Stock market crashes hurt by bringing losses on security loans. Fluctuating bond markets may strike at the investment portfolio. Inability to operate profitably has been one of the chief causes of the more than 6,000 bank failures which have contributed to business unsettlement in recent years.

Chicago Speeds Up Work On New Traction Program

MUCH has happened during the 11 hot weeks since voters of Chicago, by a 5½ to 1 majority on July 1 told Samuel Insull to go ahead and give the city a real traction system.

Halsey, Stuart & Co., Insull's consolidation and syndicate manager, announced a few days ago the first complete financial plan for actually welding together the 4 surface lines companies, with their 30,000 security holders and the elevated system, with its 24,000. The plan is, of necessity, tentative. It will first be reviewed, and probably amended, by Melvin A. Traylor, A. W. Harris, Arthur Reynolds. Next, it must run the gauntlet of 20 or more protective committees, representing



International News

TO REGAIN THE RECORD

Peter de Paolo (left) and Harlan Fengler, with the 2,400 horsepower engine which they hope will do 300 miles an hour. There are 48 cylinders, arranged in banks of 8. Think of the valve jobs on this power plant!

holders of various securities in existing companies.

Halsey, Stuart's plan provides for $89,022,200 first mortgage and funded debt obligations, $174,735,800 declared value of preferred and common stocks —$263,758,000 capitalization in all. This does not include the $200 millions that must be spent on improvements and extensions in the first 10 years, nor the $100 millions that the city of Chicago will invest in a subway for the new company to operate. Though reported hard up, Chicago has on hand $60 millions for this purpose, representing its accumulated 55% of surface lines net profits during 23 years past.

Work Goes Right Ahead

While financiers deliberate, work goes right ahead. Twelve millions are now being spent on construction and extensions, a part of $65 millions to be spent within 3 years.

Work has been under way for over a month extending elevated platforms to take care of the 8-car trains that will be needed to handle increased traffic when transfers from surface lines to "L" are inaugurated. Twelve hundred elevated cars are being remodeled so that they can be used in the longer trains. Old-style swinging gates are being replaced with collapsible doors.

Track extensions are going forward, the main one being a $4½-million extension of the Garfield Park elevated line, giving one extra track, Marshfield to Laramie Avenues. Surface lines are at work on 5 miles of new tracks on 87th Street. Track extensions on 51st Street and North Wabash will follow.

Surveying for Subway

Engineers are now doing the surveying, preparatory to the necessary widening of State Street for its new 4-track subway. As soon as the North Wabash Avenue bridge is finished, which is expected to be before snow flies, State Street traffic can be routed over North Wabash, new car tracks laid there, and the work of replacing the present State Street bridge with one that will operate with a subway below can be begun.

Surface lines, not heretofore controlled by Insull, represent $166 millions invested, against $96 millions in the Insull "L" system. Since Chicago Surface Lines is already rated as largest local transportation system in the world, the rank of the forthcoming much larger Chicago Local Transportation Co. will be unquestioned. New York's local transportation is split up among several companies. The same is true of London.

THE BRICK AND THE SCARAB

When ordinary letters were picture drawings on sun-dried bricks, Pharaoh of Egypt, ruler of the civilized world, communicated with his satraps by messenger. His authority and prestige was represented by a scarab, symbol of eternal life, carved from a jewel and engraved with his signature.

Some executives and firms, by the inferior quality of their stationery still suggest the letter scratched on the crude brick. Others see the wisdom of the symbol of the scarab and put their signatures on Crane's Bond only.

Crane's Bond unfailingly carries a prestige message. Wherever your letters go, it will bespeak your good taste and the high standing of your business.

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$300 Millions of New Issues Measure Insull 1930 Growth

Expansion of Chicago Group an Outstanding Feature of the Year—How the Companies Are Set Up

THE "business as usual" championship for 1930 is being won by the utilities. More than railroads or construction or any other major group, utilities have proved themselves the real stabilizing factor in a bad year. They are rolling along, regardless.

Of utilities, the Insull group, headed by a man 71 years old, has been especially active. Current offering of $40 millions 1 to 5 year notes of Corporation Securities Co. of Chicago, Insull investment trust, brings total Insull securities sold to the public this year up to $300 millions. Total for the whole electric industry is a billion. While the Insull total includes certain investment trust issues not in the general total, the fact remains that he has done more than his proportionate share of expanding. Insull companies sell 11% of the nation's electric power.

These great sums, spent in many ways and places, have helped steady business. It is interesting to note that this last $40 millions raised by Insull is buying from Continental Shares, Inc., of Cleveland, Eaton investment trust, blocks of stock Eaton held in three principal Insull companies. What Eaton will do with the money remains to be seen. Like Insull, he is an aggressive employer of capital.

Two-thirds of Insull's financing this year has been by borrowings, a significant change from practices of 1929.

In number, about 10% of the 400 to 450 active securities on the Chicago Stock Exchange are Insull securities. In value these account for $3 billions out of $12 billions total market value of all securities listed; represent 30% of stocks traded in on a normal day. Total sales of the Chicago exchange, first 8 months this year, were 51,768,000 shares, 14% more than in same period last year.

Favors Chicago Exchange

The Chicago Stock Exchange is, to a considerable extent, Insull's baby. He has consistently refused to list his securities elsewhere. Peoples Gas, which was listed in New York before he got control, is the only Insull stock on the big board.

A news reel of various Insull companies, taken right now, would show them advancing all along the line. The two big holding companies, Middle West Utilities and Midland United, have made considerable progress this year, adding subsidiaries and properties here and there, simplifying and strengthening corporate structure. Domestic and appliance sales are up. Farm electrification, theme-song of Middle West's advertising both now and for some months to come, is being stressed as never before. Gas industry developments are commanding much attention. Peoples Gas is preparing now to receive in 1932 natural gas piped into Chicago.

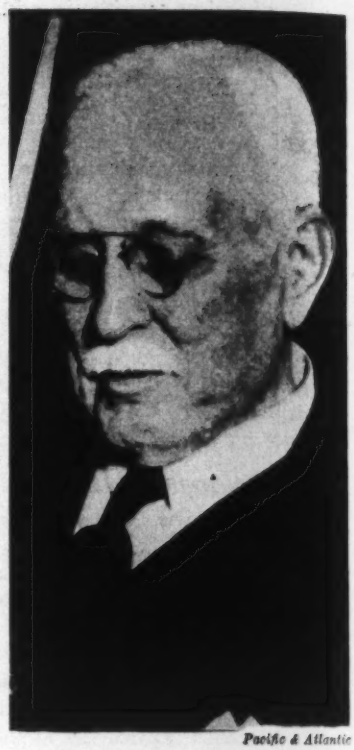
In the city of Chicago, the main Insull news comes from rapid progress being made in putting together Chicago Local Transportation Co., much the largest street railway system in the world.

One of Big Three

Considerable haziness about Insull and his interests exists. It is generally known that he rates with Sidney Z. Mitchell and Henry L. Doherty, as one of the big three that started with nothing when utilities were infants, grew up with the industry, and still dominate large sectors of it. Insull has continued an operating executive longer than the other two. He still heads his companies—personally. The Insull set-up is this:

There are five king-pin Insull companies. Four are entirely independent of each other, without stock hook-up. Jointly, these "big four" own a working control of the fifth, Midland United Co. A sixth is now in the making by consolidation of Chicago local transportation facilities around the Insull-controlled elevated system.

Within the past two years there have been superimposed two Insull investment trusts: Insull Utility Investments, Inc., and Corporation Securities Co. of Chicago. Their holdings are principally in the "big four." Insull Utility Investments has substantial holdings also in Midland United and owns in entirety Insull, Son & Co., Ltd., the only large closed company in the Insull group, which is engaged principally in the distribution of securities abroad. Corporation Securities owns a block in Insull Utility Investments.



Pacific & Atlantic

SAMUEL INSULL

Seventy-one next Armistice Day, he still holds the reins in Chicago finance

Insull Utility Investments was organized by pooling certain stockholdings of the Insull family. Samuel Insull, Jr., is president. Corporation Securities was built on certain holdings of Halsey, Stuart & Co. in Insull companies, which were combined with other stock owned by the Insull family. H. L. Stuart is president with Samuel Insull, chairman; Samuel Insull, Jr., vice-chairman.

Halsey, Stuart & Co., which Mr. Stuart heads, is the outlet of Insull bond issues and notes. This concern is consolidation manager of the Chicago transportation merger now under way. Utility Securities Co., owned by other Insull companies, is the selling agency for preferred and common stocks.

There are three Insulls who bulk large in the picture: Samuel Insull, 71 years old next Armistice Day, is chairman of all principal companies and many subsidiaries; Samuel Insull, Jr., his only son, is vice-chairman of the main companies, president of Midland United and of Insull Utility Investments: Martin J. Insull, 10 years younger than his brother Samuel, is

president of Middle West Utilities Co., officer and director of the two investment trusts. He has no sons. The mantle of Insull leadership will fall upon Samuel Insull, Jr. He is a man of ability. Two other Insulls, Fred J. and Joseph, hold positions of lesser importance.

Samuel Insull went to Chicago from New York City 38 years ago. Only 33 at the time, he was well known in financial circles. For a number of years he had been private secretary to Thomas A. Edison.

The Secretarial Tradition

Mr. Insull found the old Chicago Edison Co. struggling along with many troubles. As he related in a reminiscent address this spring, "I nominated myself for the position of president." He was elected and started work July 1, 1892. Only this spring did he relinquish that position to become chairman. His successor is Edward J. Doyle, who, in the Insull-Edison tradition, was private secretary to his chief.

Commonwealth Edison is still Mr. Insull's first love. There his office is. On his desk is a replica of the magnificent new Civic Opera building on Wacker Drive. But he is content to let his brother, Martin, preside. Samuel, Jr., is quartered in the Peoples Gas building on Michigan Avenue, where Midland United headquarters are.

If there is one word that sums up the reasons for success of Insull companies it is: management. Most of the companies, at the time they were acquired, were in bad shape. The owners turned to Mr. Insull, just as the voters of Chicago did on July 1 after the city had wrestled in vain with traction difficulties for years and years. Insull management straightened the companies out, one at a time; secured needed capital economically; built needed physical facilities without stinting; operated efficiently; earned money; plowed earnings back into property; and finally evolved, one after another, strong, self-sufficient, economic units.

Responsibility Encouraged

Though one man is dominant, strong management is found all down the line. A president or executive vice-president of an Insull operating subsidiary is no mere order-taker from above. He has full responsibility, and uses it. What he says goes.

Evidence of Mr. Insull's ability in executive-building is a list of names and present connections of the eight private

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Every can, every drum of Whiz Gold Band Non-Evaporating Anti-Freeze carries the PTL Certification of its quality, dependability and uniformity.

In not only their national but also their trade publication advertising, The R. M. Hollingshead Company, manufacturers of this product, are capitalizing on this independent inspection of their product and are finding it a real sales asset in establishing their product as "The Certified Anti-Freeze."

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HOW CHEAP ELECTRICITY REALLY IS
and how hard it would be to get along without it?

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10c buys the food for only 1 hour
10c pays the rent for only 1½ hours
but
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Residential customers of the Associated System are more and more realizing the economy, comfort and convenience of using electricity freely. During the year ended June 30, 1930 they used 10.4% more than during the previous year.

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Serving 1 in 27 residential electric customers in the United States and its possessions and 1 in 32 residential gas customers

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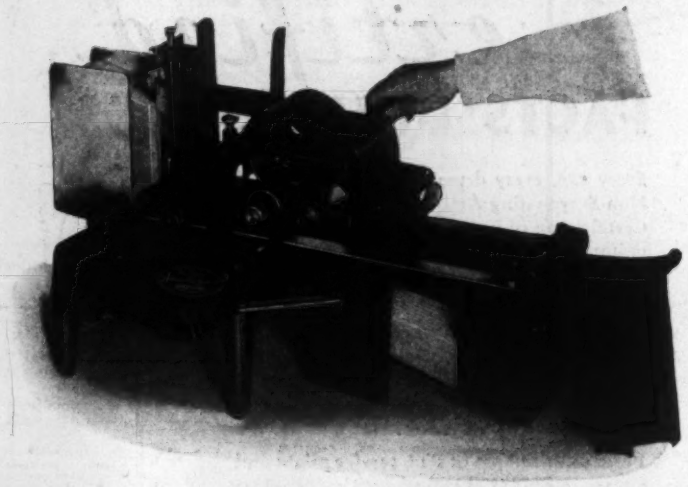

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A 2 in 1 Combination

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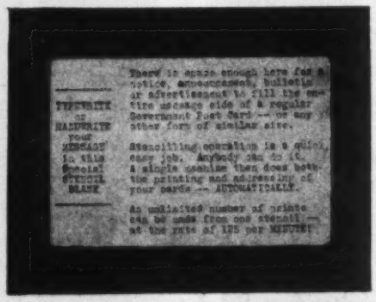
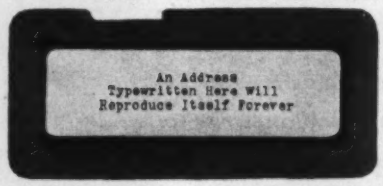


All-fibre Stencils. Can be handwritten or cut on a typewriter. Above is the Message Stencil. Below is the Address Stencil. Both are used in the one machine.



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No type to set up. Not even a typewriter needed.

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Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 980 St. Antoine St., Montreal, if you are in Canada).

secretaries he had had in 38 years. They are:

1. William A. Fox, later vice-president of Commonwealth Edison, now retired.
2. Edward J. Doyle, now president of Commonwealth Edison.
3. George F. Mitchell, now president of Peoples Gas.
4. John W. Evers, secretary and assistant treasurer of Commonwealth Edison.
5. W. D. Boone, secretary of a Middle West subsidiary.
6. E. Ogden Ketting, managing director of Insull, Son & Co., Ltd., London.
7. Murray D. Smith, secretary and treasurer of Western United Gas & Electric Co., an Insull affiliate in the Chicago suburban area.
8. John F. O'Keefe, at present Mr. Insull's private secretary, also secretary and treasurer of both investment trusts.

Samuel Insull rises early, works hard. He is at his office at 7:30 to 8:00, which means leaving his home at Libertyville at 6:30 during the summer. It follows naturally that the Insull organization is one of early-risers, hard-workers. The men are loyal. They are well taken care of. Pension and savings plans are developed to a high point. When stock is sold to employees it is at attractive figures. Insull executives were buying Insull Utility Investments stock at 12 when it had already been bid up to 30 on La Salle Street. It is around 60 now.

Samuel Insull, born in England, has distinct English characteristics. His office is heated by a fireplace, not by radiators.

Lackawanna Completing Electrification Projects

On Monday, Sept. 22, the Lackawanna Railroad opens regular service on its newly electrified line between Hoboken and South Orange, N. J. with multiple-unit trains. By the end of the month the entire suburban service on this route is expected to be changed over. Work will continue on the next stretch—from South Orange to Morristown. Electric trains are expected to be operating into the latter city before December and the final stretch to Dover and from Summit to Gladstone is to be finished by the beginning of 1931.

Lackawanna suggests to indolent commuters who usually race for the 8:23 and the 5:15 that, since electric trains start 4 times as fast as steam trains, it would be well to be on board before the train starts, to avoid injury.

Wide Reading

CIGARETTE INDUSTRY AT PEAK DESPITE DEPRESSION. C. W. Steffler. *Commerce and Finance,* Sept. 10. The American Tobacco Co. is attaining record volume and earnings.

RESTAURANTS. Frederick Putnam Platt and Robert L. Davison. *Architectural Record,* September. Architectural demands of the dining public with striking illustrations from Berlin, New Orleans, Los Angeles. Practical suggestions for the aggressive restaurateur.

BRITAIN'S IMPERIAL BATTLE. P. W. Wilson. *Review of Reviews,* September. England prepares for another trade battle—with imperial preference the goal.

TRENDS IN THE ADS SINCE 1921. S. H. Giellerup. *Advertising & Selling,* Sept. 3. Are you aware of the spread of the semi-editorial style, of expanding headlines and shrinking logotypes?

THE ENGINEER. William C. White. *Forum,* September. Can communist industry undersell capitalist industry? An engineer recognizes flaws in Soviet "statistical" accomplishment.

U. S. STEEL GETS A FAMILY TRADE-MARK. *Printers' Ink,* Sept. 11. A new trademark to be used on all products, including those of subsidiary companies.

'WARE GERMANY—AND CHINA! John Palmer Gavit. *Survey Graphic,* September. Germany approaching elections and China struggling to enter the League present interesting problems.

WILL EUROPE EVER UNIFY HER TARIFF POLICIES? Franklin Johnston. *Sales Management,* Sept. 6. No, not even the British Empire can form an effective customs union.

CANADIAN PACIFIC RAILWAY. *Fortune,* September. World's greatest grain-carrier and near-greatest shipmaster, hotel-keeper, realtor, miner, farmer, lumberman.

INTERNATIONAL CONTROL OF THE DANUBE. Glen A. Blackburn. *Current History,* September. Decreasing trade since customs formalities became troublesome leads to new proposals for internationalization.

HURDLING THE CUSTOMS BARRIERS ON YOUR FOREIGN MAILINGS. Roberta Wakefield. *Export Advertiser,* September. Guide for the elimination of customs penalties and delays in forwarding promotional literature to Central America and the West Indies.

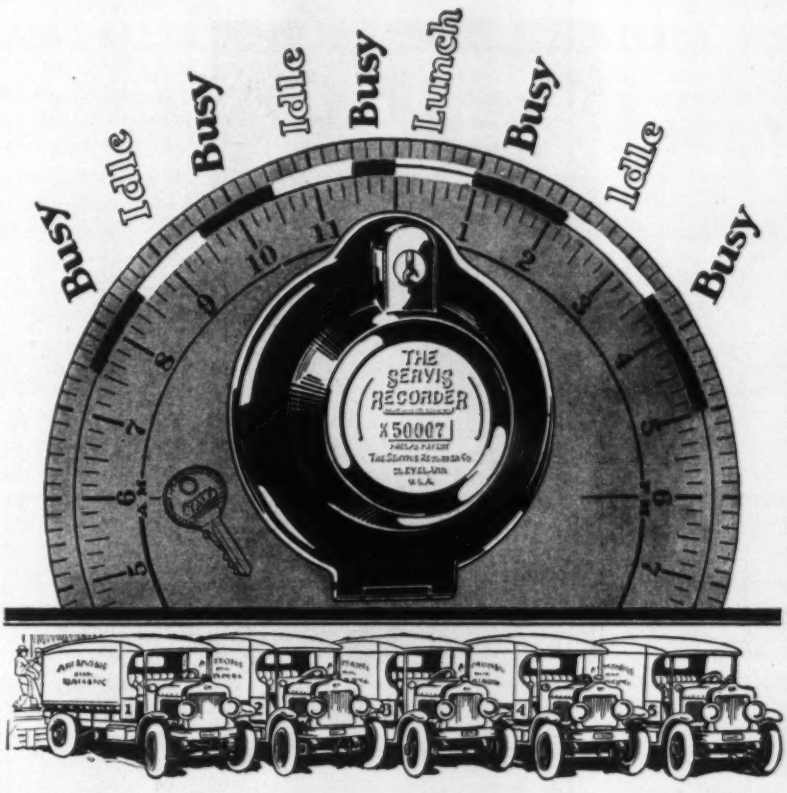
THIS RUSSIAN "PROSPERITY." Alfred Baxter. *Forbes,* Sept. 15. What there is to it and what Americans are doing to help it along.

STUDENTS AND SOLDIERS IN PERU. Wallace Thompson. *Outlook,* Sept. 10. Helpful in understanding present upset conditions in Peru.

GERMANY'S CITY OF ROBOTS. Hans Natonek. *Living Age,* September. Leuna—the "artificial city"—where German chemists extract nitrogen from the air. The Saale which may become a second Ruhr.

A BUSINESS OFFICE RECEPTION ROOM. *Architectural Record,* September. New metals, new fabrics, new decorative motifs and new economies. Strikingly illustrated.

ROYAL DUTCH-SHELL. Hal F. Lee. *Financial Digest,* September. Story of a great oil company.



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Motor trucks—whose running time is worth $4.00 to $8.00 an hour!

Motor trucks—that stand idle half an hour here, fifteen minutes there, an hour somewhere else!

One thing is certain, you never realize it until you SEE it. And when you see it in picture form, [like the chart above] then, we repeat, these delays stare right out at you.

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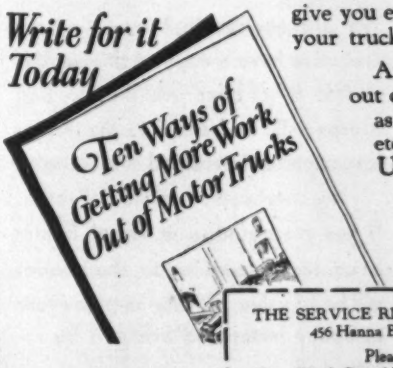

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We are anxious that every export executive have a copy of this booklet on file. It has been published for and is especially addressed to the American exporter interested in more sales . . . less overhead . . . rapid deliveries. If you merchandise in Great Britain or contemplate doing so, the booklet will be of value . . . your name on your company letterhead brings it by return mail.

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Foreign Trade Shows Upturn

HAVING found in the August foreign trade figures the first cheerful statistic in some time, the Department of Commerce has made haste to announce the preliminary figures a day or two ahead of the usual date, from the White House itself. The August estimate of exports shows a rise from about $266 millions in July to around $300 millions.

First Since October, 1929

Although an August increase is usual and this one is about half accounted for by larger wheat and cotton exports, both badly needed, there is enough encouragement in the upturn to justify White House announcement. It is the first rise since last October and about as large as the average increase between July and August during the past six years. Last year, when business was declining, August exports fell off from July.

Imports declined slightly from about $220 millions to $217 millions. A larger decrease is usual between these months. The relatively slight drop this year doubtedly reflects some slackness of manufacturing activity but can be more than accounted for by falling prices of raw materials which form the larger part of our imports.

The presidential announcement took occasion to emphasize the part which lower prices has played in reducing the figures of foreign trade this year. On the basis of a study by the Department of Commerce it estimates that exports for the first seven months this year, after allowance for price changes, have decreased in quantity about 20%, in dollar value 22.5%.

Smaller Quantity Shrinkage

Imports, it says, have decreased only 5% in quantity as compared with a decline of 25.9% in dollar value. This last fact is taken to indicate that American buying power for foreign goods has held up better than that of foreign countries. This wide difference between value and volume of imports is somewhat doubtful. The American Tariff League, also interested, for different reasons, in showing how *large* imports are, computes the quantity of imports in the first seven months as 16.8% below last year.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

THE more hopeful sentiment which has been evident in business circles in recent weeks is beginning to be translated into actual improvement in business volume, particularly in the case of primary materials. Prices are tending to be firmer. Though the pickup is not yet beyond being seasonal in degree, it is stimulating commercial sentiment and further gains are expected. Financial conditions are unchanged.

Event of the week is the startling result of the German elections. While gains by both extremist wings were expected, no such chauvinistic landslide was anticipated. The first reaction in most business circles was one of distinct alarm as returns showed an eightfold gain by the extreme Fascists, raising them from tenth to second place among the large number of political parties in the country. The Fascist platform advocates a dictatorship, repudiation of the Young Plan, and revision of German frontiers, all issues which, if attempted under present conditions, would rock European foundations. Though attention continues to be focussed on further developments, alarm is being replaced by the belief that German political changes are more apparent than real, and that they represent primarily an expression of profound popular dissatisfaction over the recent vacillating and ineffective administration rather than any reasoned support of extreme programs. Observers foresee three possible developments. In the order of their increasing probability, they are: (1) a Fascist effort to displace parliamentary government with a dictatorship; (2) formation of a center and moderate Socialist coalition which a majority in the business world would favor; and (3) a parliamentary deadlock and dissolution before spring with new elections favoring more conservative programs and depriving the extremists of much of their spectacular gains last week. Though immediate administrative difficulties in Germany were increased rather than mitigated by the election, and though greater uncertainties are expected further to prejudice German business prospects abroad, it is notable that foreign credits in Germany so far have not been withdrawn. Both European and German stock markets, though they reacted violently downwards at first, are resuming their upward trend which first became evident at the beginning of the month. Authorities accept this as an indication that confidence in the prospects for general business improvement is not materially, or at least not immediately, impaired.

By Special Cable to The Business Week

Great Britain — Optimism in the business community is increasing, although the slump as yet is broken only by the slightest signs of improvement. The iron and steel industry is improving and inquiries are increasing. Cotton spinners are cheered by some revival of the China trade. Shanghai auctions are selling 10% more and inquiries from the interior are much stronger. Other commodities are flat. Coal is complaining of the effects of German competition. Stock markets are disappointing. Rises a week ago have not been maintained and the general investing public is not coming in. The rubber market has displayed unexpected calmness since the restriction verdict, with both the commodity and shares stiffening.

Rubber naturally is holding first place in business news. No general lead has been given by leaders but the Dunlop statement is reassuring. It is obvious that it will be necessary to beat the Asiatics on a combination of quality and costs. The opinion is held among dealers that rubber must reach better levels with the end of the slump and, though many companies will be squeezed out, many will, by their own cash resources or by absorption into larger companies, weather the frost.

After rubber, finance occupies the center of attention. Money is cheap but not in demand. The weakness of sterling against dollar exchange may foreshadow a gold outflow but the position of the Bank of England is strong. Autumn issues opened with two conversion loans, one General Electric debentures for $17,500,000; the other a Liverpool city loan of $20,000,000. The government's big conversion loan is still rumored but definite information has not been released.

A significant step in the rationalization program was the purchase this week by the National Shipbuilders Security, Ltd., of William Beardmore & Co., great shipyard at Dalmuir on the Clyde. National Shipbuilders was organized last February by large shipbuilding interests to purchase and dismantle redundant yards. The Dalmuir is the first large yard to be taken over. Little unemployment is expected to result because other builders along the Clyde will absorb workmen on orders just placed.

Business received the depressing figures of overseas trade in August without reaction. Imports dropped 20.8% in comparison with August, 1929; British exports 32.2%; re-exports of foreign goods 29.7%; total exports 31.8%. The excess of imports over exports increased 6.5%. Any comparison with July is invalid owing to fewer working days in a holiday month.

Unemployment increased this week by 79,127 to a total of 2,139,571. New conversations have been inaugurated between Liberal and Labor leaders to consider relief works which may include a large development of telephone services. The Tories are still keeping aloof as tariffs are not permitted on the agenda.

By Special Cable to The Business Week

France—Business men showed no little anxiety over the results of the German elections. Without disguising this uneasiness, it is notable that the general French attitude reflects, not so much alarm, as a tendency to wait and see what happens. Sharp stock market recovery this week after prolonged apathy created optimism, particularly when it became evident that the public was participating. The trend of French economics, nevertheless, is toward inflation of values rather than expansion of activity. In fact, there is less evidence of seasonal revival in France than in almost any other country.

Price trends are characterized by two rapidly widening spreads. The first is between retail and wholesale values; the second between wholesale prices on imported, contrasted with domestic, products. During August, the retail index soared 26 points to a new high of 626. Compared with the figure for one year ago, the retail index is now 65 points up, whereas the wholesale index is 20 points down. Similarly, the wholesale index on French home products, now 599 is 53 points above the wholesale index on imported products. This compares with an average increase for 1929 of 33 points. In 1928, the French wholesale index was 48 points below the index on imported products. The immediate consequences obviously are trade losses abroad, with labor unrest and wage disputes at home. Both are already manifest.

The government has moved to help the farmer to organize and finance the orderly marketing of wheat. Certain agricultural associations have been authorized to purchase and store domestic wheat on the condition that they release their stocks progressively in order to avoid market congestion and price depreciation. Under the plan the government will subsidize these associations. All stocks are at the disposal of the government in times of national emergency. The immediate need is to get some plan functioning at once because farmers who were forced to sell the bulk of last year's bumper crop at low prices are now unable to carry even the current short crop.

Industry is aware of the danger of impairing farm purchasing power if the farmer is forced to sell at greatly reduced prices. This urgency has caused a renewal of agitation for a further increase in the wheat duty, which is already equivalent to 45% of the domestic price. Millers, conversely, are demanding that the restriction limiting the admixture of only 10% of foreign wheat in domestic flour be removed. The proposed increase in Canadian tariffs has reawakened the easily stirred French talk of retaliation. Wheat constitutes 75% of Canadian exports to France.

The government is expanding its policy of lending excess foreign balances at low rates of interest to certain categories of domestic enterprise to enable them to wipe out their foreign obligations by converting them into cheaper domestic debts. Advances this week were made to the potent shipping interest—Messageries Maritimes—to enable them to retire their dollar loans. In like manner, Central Railways is being helped to retire its Swiss obligations.

Franco-German movie interests have framed an accord proposing unlimited reciprocal exchange of pictures. Since this exceeds existing imports quota regulations in both countries it requires government ratification, which is scarcely expected because it would violate, particularly, American treaty privileges.

Preparations for the Paris automobile salon, to open in October, are under way. American participation will be reduced to a minimum due to the recent tariff which restricts exports to Europe, and also as a gesture of protest that American exhibitors were given only leftover space. General Motors declares it will be absent altogether from the 1930 salon.

International News

WASHINGTON TUNES IN ON BUENOS AIRES

Senor Don Julian Enciso, Argentine charge d'affaires, listens to General Uriburu as he outlines the policies of the new regime. Irigoyen, exiled president, would not appoint an ambassador. Uriburu promises one as soon as the United States recognizes the new government

By Special Cable to The Business Week

Germany — Business sentiment is deeply dismayed at the results of the election which increased Bruening's minority in the Reichstag from 15 to 161. The fact that 4,500,000 Communist and 6,400,000 Fascist votes were cast, the latter group particularly having pronounced anti-business tendencies, is considered a grave menace to much-needed political stabilization. Even restitution of the last coalition government with Moderate Socialists would not secure a parliamentary majority against the combined extremist wings. Business generally envisages protracted negotiations toward the formation of some kind of coalition government, if not a complete parliamentary deadlock. Despite the uncertainty, the immediate political outlook indicates that offhand repudiation of emergency financial decrees by the new Reichstag is improbable because accruing revenue is indispensable to meet current engagements of the treasury. The stock exchange reacted to the announcement of the disappointing returns in the elections by sharp drops in the leading securities of from 5% to 15%.

Adverse political developments are particularly regrettable because isolated symptoms of a pickup in industry and trade, which were faintly discernible last week, are now supported by fresh reports. Siemens & Halske, electrical manufacturers, have re-employed 500 workmen who were recently dismissed. Better employment and full time work in most departments is anticipated, particularly because of increased export orders. Siemens and I. T. & T. are sharing a large Italian order for telephone equipment. The August report of the Association of Machine Builders also indicates a slight increase in foreign orders, though the domestic demand is still at low levels.

August foreign trade returns show new gains in exports of finished goods, mainly textiles, chemicals, and electrical equipment. The increase in this group was $8,500,000, while total exports increased only $5 millions owing to the decline in coal exports. Imports declined nearly $9 millions; most evident were the declines in foodstuffs and raw materials; smaller foreign orders were placed for manufactured goods. The favorable trade balance, with the August surplus of $42 millions, has now been maintained continuously since February

and constitutes an important factor in German ability to meet current reparations transfers.

Coal output in the Ruhr showed an uninterrupted increase during the 4 weeks in August, causing a parallel improvement in carloadings of the federal railways. Iron and steel remain the blackest spot in the industrial situation. Pig iron output in August was 4% below July and 36% below August of last year.

Unemployment continues at record levels though the increase in the second half of August was only 28,000, against 80,000 in the first half of the month. The total number of German unemployed Sept. 1 was 2,870,000, which compares with 1,360,000 on that date last year. Business anticipates an increase in the number of unemployed during the coming winter to a minimum of 3,500,000.

The important German automobile manufacturer — Nationale Automobile Gesellschaft (NAG)—already virtually controlled by AEG, has commenced a plan for drastic financial reconstruction by reducing capital 10 to 1 and simultaneously giving shareholders the option of exchange of their own stock for AEG stock. The transaction is indicative both of the precarious financial position of most German automobile manufacturers and the tendency to seek salvation through closer financial affiliation with large steel and electrical concerns.

LATIN AMERICA

Last week's signs of improving business have been substantiated by current developments. Washington has recognized the new Argentine, Peruvian, and Bolivian governments. Recognition by South American and European states has become almost a matter of course. Speculation over the appointment of an ambassador to Washington, promised by General Uriburu, favors Manual Malbran, formerly in Washington and highly acceptable to Americans. Tomas le Breton, also a former ambassador to Washington, has also been mentioned in Buenos Aires discussions.

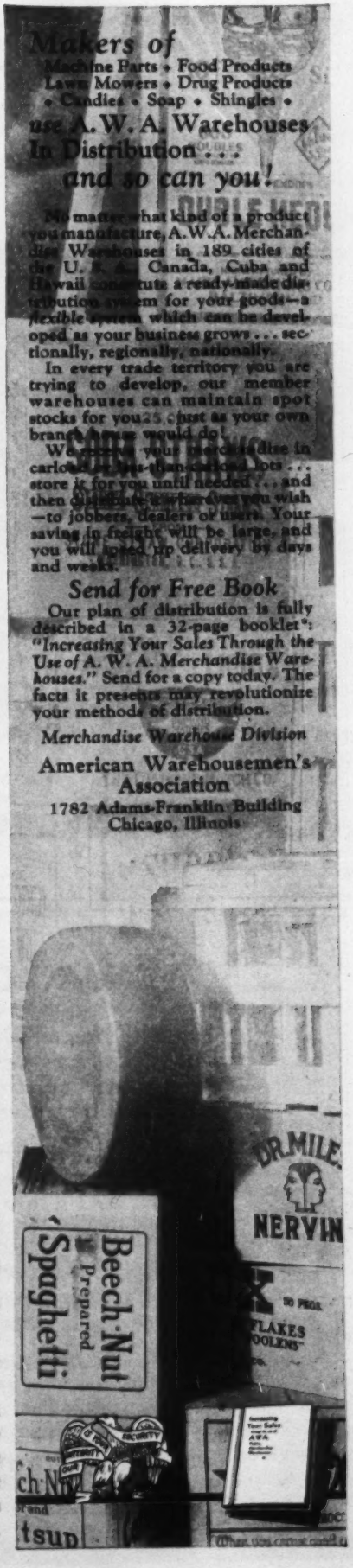
Conditions in Argentina are most rapidly returning to normal, probably due to sound economic conditions despite current depression. In Peru, there are still labor difficulties. Government troops have been sent to the mines of the (American) Cerro de Pasco Copper Corp. to preserve order. American engineers, in Peru as technical advisers to the Leguia régime, are no longer being held by the new government. Of the total external debt of $130 millions, $90 millions are held in the United States. Other large American investments are held by The Northern Peru Mining Co., W. R. Grace & Co., and The National City Bank. Frederick Snare, Inc., is completing the $7-million port improvements at Callao (port for Lima), which will make it one if the most modern harbors on the west coast. The Foundation Co. is constructing roads, schools and public buildings near Lima and Arequipa. Reports from Peru are less bright than from Buenos Aires, but men recently returned from South America have confidence in the new junta in Lima and the good faith of the Peruvians. The unfavorable situation is largely due to depressed prices for the country's staples—cotton, sugar, wool, and copper.

Political rumblings in Brazil and Cuba are not increasing. It is probable that no revolution is imminent in either country.

In Chile, business is quiet and the trend featureless. On Sept. 12, a second major consolidation in Chilean industry was approved when representatives of nationally-owned navigation companies and government officials agreed to combine all steamship companies under one management.

Argentina—Confidence is mending rapidly. Trading on the stock exchange and produce markets is brisk, and in increasing volume. Exports showed an increase this week. Quotations on government securities continue to firm. During the week of the inauguration of the new government, grain exports totaled 149,145 tons despite the holiday. In the preceding week, only 125,202 tons were exported. Wheat exports made up 734,353 bushels, in contrast with 438-500 bushels in the preceding week. Total exports of wheat for the year, however, are only 68,354,000 bushels, while exports to the same date last year were 195,259,500 bushels.

Business is impressed with the declaration of the provisional government that it will confine its duties to the guaranteeing of compliance with the law, reorganizing the national administration which was frankly in a state of decay, re-establishing the idea of efficiency in public office, solving the pressing financial problems of the country, and preparing the country for a complete new election of all elective officials. In all judicial matters the de facto government will consult with the Supreme Court, a move which has won favorable comment from many critics.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No matter what kind of a product you manufacture, A.W.A. Merchandise Warehouses in 189 cities of the U. S. A., Canada, Cuba and Hawaii constitute a ready-made distribution system for your goods—a flexible system which can be developed as your business grows . . . sectionally, regionally, nationally.
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Burroughs

BURROUGHS TYPEWRITER
ACCOUNTING MACHINE

Sales

Posts accounts receivable ledger, writes customers' statements, and creates proof-journal in one operation. Distributes sales. Types, calculates and totals out-going invoices.

Purchase and Payment

Checks incoming invoices. Posts purchase distribution and creates proof-journal. Posts accounts payable ledger or voucher and creates proof-journal. Writes check, voucher and check register.

Timekeeping and Payroll

Calculates day work and piece work tickets and posts daily earnings records. Writes pay check, employees' statement and payroll. Distributes labor to production and expense accounts.

Stores Ledger and Control

Posts stores ledger and calculates requisitions. Prepares cost sheets. Posts general ledger.

* * *

This machine posts various combinations of records in one operation.

ONE MACHINE FOR ALL ACCOUNTING

The Burroughs Typewriter Accounting Machine is ideal for the business that desires the speed, accuracy and economy of machine accounting, but whose volume does not justify different machines for different kinds of work.

This one Burroughs Machine is so flexible that it will handle any or all of the different accounting jobs in the average business as enumerated above. Users have all the advantages of machine-kept records with a minimum investment.

It multiplies directly, typewrites, adds, subtracts, accumulates totals; prints results and totals by a single key depression; posts several related records in one operation.

Call the local Burroughs office for a demonstration of this machine on your work, or write

BURROUGHS ADDING MACHINE COMPANY
6159 SECOND BOULEVARD DETROIT, MICH.

BACKED BY WORLDWIDE BURROUGHS SERVICE

What the Figures Show

ENCOURAGING evidence of confidence in the passing of the worst of the depression continues to accumulate as the fall season progresses. As a result of greater activity in both the trade and production fields our preliminary index for the week ending Sept. 13 turned upward again from the year's low of 83.3% of normal for the preceding week to 84.3%. A year ago business activity stood at 106.1% of normal. Our production series rose from 79.9% of normal to 81.3% as a result of increases in steel ingot production and building construction; while the trade series, under the influence of rising check payments and commercial loans, rose from 86.1% for the preceding week to 86.7% of normal.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	Latest Week	Preceding Week	Year Ago
	*84.3	†83.3	106.1
Production			
Steel Mill Operation (% capacity)	58	56	84
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$13,461	$12,887	$19,435
Bituminous Coal (daily average, 1,000 tons)	*1,520	1,509	1,785
Petroleum (daily average, 1,000 bbls.)	2,420	2,437	2,965
Total Electric Power (millions K. W. H.)	*1,835	*1,735	1,910
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	163	164	194
Check Payments (outside N. Y. City, millions)	$4,548	$4,285	$6,235
Money in Circulation (daily average, millions)	$4,497	$4,529	$4,821
Wheat Receipts (1,000 bushels)	17,866	13,494	12,023
Cotton Receipts (1,000 bales)	429	355	449
Cattle Receipts (1,000 head)	*220	210	233
Hog Receipts (1,000 head)	*395	349	485
Wool Receipts (1,000 lbs.)	*2,178	2,363	15,268
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.80	$0.79	$1.26
Cotton (middling, New York, lb.)	$0.112	$0.115	$0.189
Iron and Steel (composite, ton)	$32.64	$32.68	$36.52
Copper (electrolytic, lb.)	$0.104	$0.106	$0.178
All Commodities (Fisher's Index, 1926-100)	83.4	83.5	96.3
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,812	$16,830	$17,142
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,462	$8,446	$9,564
Brokers' Loans, New York Federal Reserve member banks (millions)	$3,222	$3,143	$6,569
Federal Reserve System Ratio	81.6	81.3	73.8
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	11,331	8,099	26,400
Stock Prices (N. Y. Times, average 50 stocks)	$204.46	$202.04	$299.11
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$46,823	$37,967	$46,710
Bond Prices (Dow, Jones, average 40 bonds)	$97.21	$97.22	$92.30
Interest Rates—Call Loans (daily average)	2.5%	2.3%	8.2%
Interest Rates—Time Loans (daily average)	2½-2¾%	2½-2¾%	8½-9%
Business Failures (Dun, number)	463	336	397

*Preliminary †Revised

Situation in Steel

The Dow, Jones estimate of steel ingot activity for the week ending Sept. 15 is placed at 58% of capacity compared with 56% during the Labor Day week. A year ago steel activity had reached 84% of capacity after declining from the peak of 101% at the end of April, while two years ago the customary seasonal upturn had raised the activity estimate from the low of 70% in July to 80%. Our adjusted index of steel production which is corrected for seasonal and long time trends rose from 81.4% of normal to 84.4%.

The *Iron Age* reports a change in policy among steel consumers from the hand-to-mouth policy that has been characteristic for many months to a willingness to make forward commitments to cover the rest of 1930 and in some cases through the first half of 1931. Pig iron, automotive parts, strip and sheet steel, and miscellaneous small steel buyers have entered the market to build up low or depleted inventories. Structural steel awards for the week totaled 25,000 tons, while inquiries for 35,000 tons for new projects were placed.

Building contracts awarded in the 37 states, according to F. W. Dodge, increased from $43,840,600 during the first four business days of September to $91,525,800 the second week. It is encouraging to find that the daily average of residential contracts awarded during September is running above that of August. Non-residential and public works and utilities are running somewhat lower. Our adjusted index of construction rose from 68.8% of normal to 71.9%. The extent to which realty financing has fallen off in the first eight months of 1930 compared with the same period in 1929 is shown in a survey conducted by a Chicago realty concern covering offerings of over $50,000 in about 100 cities. Bond offerings fell 63% and were the smallest for the period since 1922, while stock offerings fell 80% below last year. The *Engineering News-Record* figures covering heavy construction increased 21% over the preceding week and were only slightly below a year ago. Pipe line construction in the West and road jobs were influential in swelling the total for the week. Normally, the fall months of September and October bring a slight increase in construction activity. Such a trend this year would give considerable aid to business recovery.

Bituminous Coal

Bituminous coal production for the week fell off 11%, largely due to the Labor Day holiday. The daily average with a slight allowance for the holiday revealed some increase over the preceding week but not enough to take account of the normal upward seasonal trend. Hence our index declined slightly from 72.7% of normal to 72.1%. Petroleum production continues to decline below

the 1928 level, but supplies are still large and price cutting is prevalent.

Electric power production registered an advance over the holiday week, but not as much as seasonally expected, so that our adjusted index declined from 98.9% of normal to 96.5%. However, production is 6% above the same period of 1928.

General Trade Indicators

The trade indicators are fairly encouraging. Assuming for measuring the daily average of carloadings that the Labor Day week is equal to five and a quarter days—an estimate that more closely fits the trend in past years than either five or five and a half days—the daily average falls slightly below that of the preceding week, while in 1929 the same daily rate was maintained during both weeks. The miscellaneous loadings plus the smaller individual consignment group, known as merchandise less than carload lot loadings, narrowed the spread from the 1929 level to the best in several weeks. Our index, based on these two groups and adjusted for number of days, seasonal changes, and long time trend, declined slightly from 84.8% of normal for the preceding week to 83.9%. Loadings of coke and livestock increased over the preceding week, in spite of the holidays, while grain shipments were the only group to be larger than a year ago.

Check Payments

Check payments in the 140 cities outside of New York rose 6% over the preceding holiday week, while the 131 cities outside of financial centers registered a 13% increase. The unfavorable comparison with last year is influenced by the stock market activity of 1929, which reached its height in the last week of October when debits in 140 centers rose to nearly $8 billions. Debits in 141 cities which include New York City are now 47% behind a year ago, while in the 140 cities, debits are 27% behind, and in the 131 cities only 21% behind 1929. Our index, based on the group of 140 cities, adjusted for price changes, seasonal fluctuations and trend, and averaged with the preceding week rose from 83.4% of normal to 84.6%.

Money circulation declined slightly compared with the holiday week, but the same decline appears to have occurred in the preceding two years. Our adjusted index fell from 101.4% of normal to 100.8%.

Receipts of agricultural commodities such as wheat, cotton, wool, cattle, continue in regular seasonal order, wheat and cotton running above the 1928 level. Cattle prices have been rising for several weeks, while hog prices have fluctuated with receipts at the primary markets.

Commodity Prices

Though our group of commodity prices still shows conflicting tendency, there is abundant confidence that the turn is near. Steel leaders are hopeful that price concessions are waning and that the inflow of orders for immediate and future delivery will stiffen prices. Large orders for copper at the 10¢ level are said to have been refused, but export and domestic prices have fallen to 11.05¢ and 10¼¢ respectively. The latter is said to be the price quoted by custom smelters. Large producers are holding out for 10¾¢. The recent large order placed by Western Electric Co. should lend support to the copper market. Cotton and wheat prices have shown encouraging strength after the declines following the crop reports. Improved activity in yarn centers is being reported, while cotton exports continue to rise with foreign buyers taking advantage of low prices. Price cutting in the petroleum market was influential in lowering our index of a group of major commodities in the week ending Sept. 17.

The Bureau of Labor Statistics has just released its index of wholesale prices for August which remains stationary for July and August at 84%, lending support to the belief that prices are reaching the bottom and due for a turn. Of the 550 commodities priced, 109 are reported to have increased, 257 remained the same and 184 declined below July. The groups of raw material farm products and foods increased. Retail food prices declined only fractionally in August from 144.0 in July to 143.7. The index of prices received by farmers on Aug. 15 reached a level 2% below the bottom of 1921. While there were increases in grain and dairy products between July and August these were not sufficient to offset the declines.

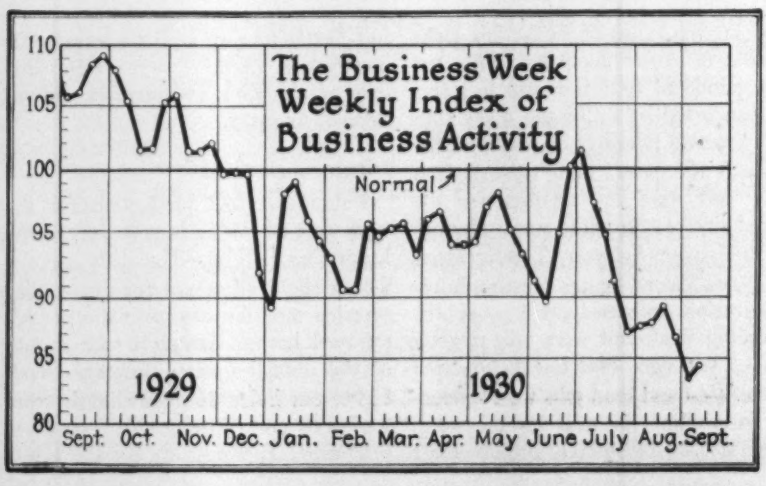
Fisher's wholesale index for the week of Sept. 12 declined fractionally while that of the National Fertilizer Association based on 476 items increased.

Loans and Credit

Declines in loans on securities lowered the volume of total loans, though these remain above 1928. Commercial loans have again started upward. Our adjusted index stands at 102.3% of normal compared with 102.1% last week. Our adjusted index of bank credit based on the volume of loans and investments of reporting member banks remains stationary at 105.4% of normal.

Business failures for the week rose sharply compared with the holiday week, and are above both 1928 and 1929.

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.



Money and the Market

THE "creeping bull market"—as idle brokers have pictured it since the middle of August—stumbled over the September crop reports on the 10th and slid off day by day, with declining volume, for a week; then, in even quieter trading, the regularly recurring resistance set in and stocks moved ahead once more up to Thursday, when they weakened again with the wheat pit. The farm-business shares—Case, Sears, Roebuck, Woolworth—sagged most under the weight of declining wheat prices, farm income prospects being the most sensitive spot in the market skepticism about business recovery. But, even though there may not be much to discount in trade upturn this fall, the market should soon be leaving this year behind and beginning to discount 1931 prospects, which seem sure. This is the best reason for expecting a good October market, and poor bear pickings in the next few weeks.

The Security Market

Bonds flagged along with stocks, after reaching new highs since 1928 in the first week of September. Tapering off of bank investment buying as the banks get ready for fall commercial credit needs is probably the main factor, and calls for more vigorous Federal Reserve support.

Security firmness early this week after the decline was helped a bit by easy money accompanying Treasury operations in connection with income-tax collections and the large certificate issue to meet maturities and interest payments. This involved the usual heavy temporary overdraft on the Federal Reserve Bank, but participation by member banks in this overdraft in proportion to their subscriptions to the certificate issue kept the temporary excess of funds in the market down to about $50 millions. Even so, call money came down to 2%, with outside funds available at 1½%, and remained there a day or two after liquidation of Treasury borrowing. This emphasizes the money ease, which shows no sign of early change.

Loans and Investments

A mild addition to investment portfolios of member banks and a less-than-seasonal increase in commercial loans was offset by a $32-million decline in member bank security loans ($112 millions in New York) leaving total loans and investments somewhat lower for the week. This continued lag in member bank credit expansion at this time of the year is not encouraging for the few and feeble bulls on a this-year business recovery.

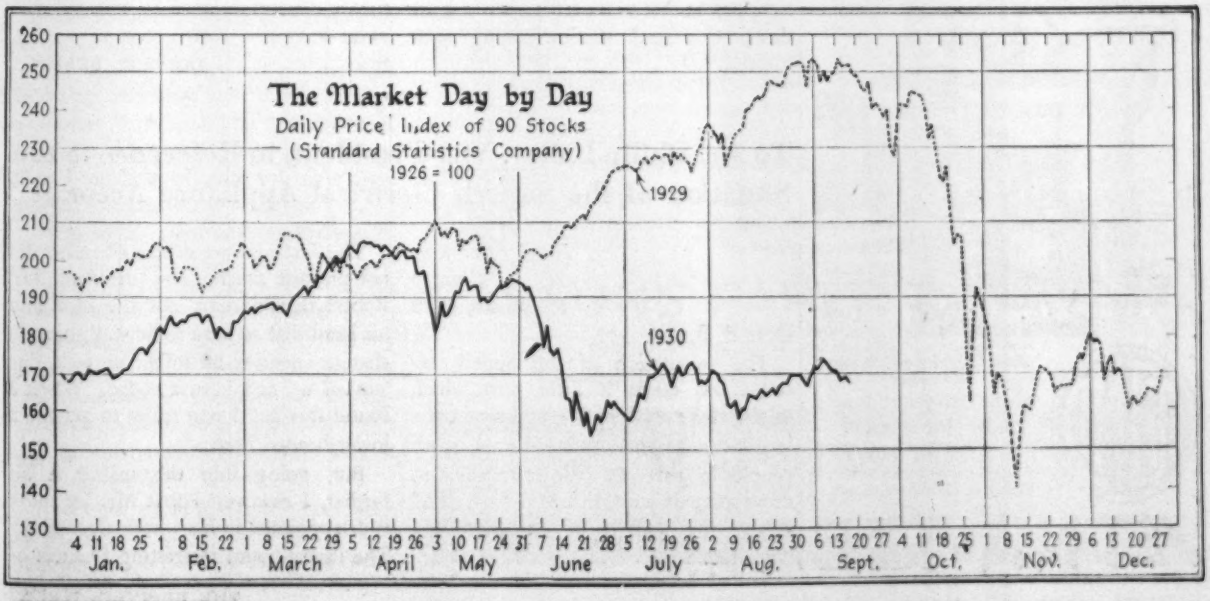
The slackness of demand for commercial credit is emphasized by the drop of over $10 millions in the total of outstanding bankers' acceptances during August.

With commercial credit requirements unseasonally slack, the need for expansion of bank investments would seem clear, and the tendency to hold back hard to understand. Lack of aggressive direct support of the bond market by the Reserve Banks is the main factor. Reserve policy now seems to be to keep short-term money easy by low rediscount rates and buying bills as offered, in hope of strengthening the bond market indirectly—an interesting and safe enough experiment, but hardly suited to the crucial business and commodity price situation. The new Federal Reserve Board governor has taken office, but no signs of change in policy are yet forthcoming.

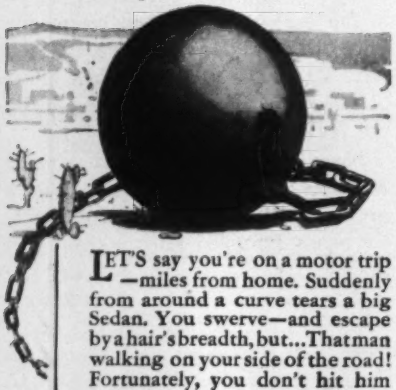
New York brokers' loans jumped $79 millions, all on bank account with declining stocks. The New York member banks expanded loans without borrowing from the Reserve, but sold $20 millions of investments. The Reserve banks' bill and security holdings rose a trifle, but rediscounts fell sharply to the lowest this year, showing continued deflation in outstanding Reserve credit. Some gold came in from Latin America, some went out to Canada.

Time Deposits

Time deposits continue to grow, reflecting continued business caution in putting idle money to work. A large reserve bond-buying power is here accumulating. Savings bank deposits in New York State rose nearly $20 millions during August, and are over $284 millions higher than in last November. Part of this increase doubtless represents corporate and business surpluses taking advantage of interest rates far above other short-term investment yields and distributed among the savings banks to escape the deposit limitations. This fact probably tends to retard savings bank bond buying and mortgage investment, since these deposits may be drawn down fast if a bull market for stocks or business revival appears.



There are bonds that bind and—Bonds that set you free



LET'S say you're on a motor trip —miles from home. Suddenly from around a curve tears a big Sedan. You swerve—and escape by a hair's breadth, but...That man walking on your side of the road! Fortunately, you don't hit him squarely—he's apparently only cut and bruised. If you carry adequate Liability Insurance with a good, reliable company, you are protected against financial loss from claims, *but*—

While lunching at a nearby Hotel, you are also served with a Writ of Attachment on which the ink is scarcely dry. The injured man has made use of the local sheriff to protect his interests before you've a chance to leave town. Your car is "attached" and as effectively "tied-up" as though he'd put a gigantic ball and chain on it. What to do?

If Ætna-ized, your Ætna Service Certificate will identify and introduce you to the local Ætna Agent. (There are 20,000 of them from Coast to Coast!) He will promptly arrange for an Ætna Release of Attachment Bond, thus restoring full possession of your car—*without a cent of extra cost to you.*

Ætna writes Bonds as well as insurance. It looks after its automobile policyholders' needs, not only from Coast to Coast but *in Europe*, too. It pays to be Ætna-ized. Let the Ætna-izer in your community give you the whole story.

Ætna Casualty and Surety Company
Ætna Life Insurance Company
Automobile Insurance Company
Standard Fire Insurance Company, Hartford, Conn.

ÆTNA-IZE

The Dublin Letters

To Derby Thomas Regarding Campaigns With Wallops

Office of James W. Dublin
New York
March, 1928

Dear Derb:

Your night wire received. This reply is being hurried to you by Century special delivery.

Davis' statement to you that the Superb Company will not select any agency who cannot give it "a new idea with a wallop" sounds threatening. Davis is a young advertising manager, which is nothing against him—but must be taken into consideration. In my early years in advertising I myself was never quite free from the desire to handle advertising as if it was an act of violence.

As I grew older I noticed that when a business concern began to demand wallops in its public print work it was almost always sore about something—or worried. And I have lived long enough to observe that the large percentage of wallops didn't land. Now and then a lucky punch hit home, but, while a business can use all the luck it can get it is nothing to depend upon—as any race-track sucker will tell the world.

The best and most fruitful advertising is insidious. It steals into the eye like a pretty woman; it converses with the public mind in an intimate but not too familiar tone; it promotes instinctive and unconscious liking, and leaves a touch of longing and appreciation in the memory.

This kind of advertising takes secure root and grows. It gets believed, it spreads the faith, it accumulates authority. It leaves any competitor who happens to be a wallop-addict a mile down the road shadow-boxing with himself.

I hope you can persuade Davis to carry his curiosity about agency merit beyond the single point of the mere ability to act like Sandow in print. Of course the Superb people need ideas. Many ideas—not one. They require a composition and articulation of a *number of thoughts*. Imaginative resource is what they should seek. An organization that can turn out a set of murals interpreting their business—not a beefy bully who can achieve the world-beating monotony of swinging a sledge.

Imaginative resource is the theme for you to talk to Davis. A trip through the rich and teeming cranium of the collective Dublin outfit. Six months from now something will arise in the Superb business which will cry out for an idea they haven't thought of yet and no agency has thought of either. The most valuable agency is the one who possesses the thought as yet unthought of—and who can *produce* it when the occasion demands. That's *resource*.

You tell 'em.

Good luck. J. W. D.

Telegrams

NEW YORK
MARCH, 1928

UNABLE TO COME TO CHICAGO AS YOU REQUEST IN YOUR WIRE.

JAMES W. DUBLIN

NEW YORK
MARCH, 1928

LEAVING TODAY ON CENTURY. MEET ME AT TRAIN. WHY DIDN'T YOU SAY BEVIN WANTED TO SEE ME IN THE FIRST PLACE.

JAMES W. DUBLIN

To Mr. Philip Bailey, Vice-President, in Reference to the Situation of the Superb Electrical Appliance Account

Hotel Blackstone
Chicago
March, 1928

Dear P. B.:

The solicitation of the Superb account has taken a little turn which might make it desirable to bring on a larger cast of characters for the Superb people to gaze at. We may need to show some of our talent *in person*. And maybe the weight of numbers will help, too.

The first glimpse of the situation did not promise much. The president, Mr. Robert B. Dunning, got the idea into his head that so long as he was going to change agencies he might as well line 'em *all* up and have a rodeo. When I found this out I was ready to get me a lower headed home.

But, going into the matter a bit farther, I discovered that Mr. Dunning is disappointed in his wholesale method. The exciting and interesting features of

the rodeo didn't develop as billed. It is more like a bivouac of the Four A's. Dunning, I guess, was expecting at least the Four Marx Brothers.

Now Dunning is getting sore and sarcastic. He says that all agencies look the same. Which, of course is the effect he would get from having so many of them squatting around that they have taken on a sort of drab-brown group coloration.

One agency's good talking points have got all mixed up with the best bets of the others and nobody knows who said what originally and the boys have just solicited their heads off canceling each other.

This is a break for us.

As we are the last to come into the picture we appear fresher and less winded than the hustlers who bloomed out early and then wizened on the yellowing vine.

We are, so to speak, the last rose of summer—and therefore rather unique and attractive.

We also got another break in the form and figure of Leslie Bevin, the sales-manager.

Bevin and I discovered that we had known each other a dozen years back when he was sales-manager for a monkey-wrench concern in Connecticut. At that time he, too, was trying to guess a good agency and he told me last night he was always sorry he hadn't picked the Dublin outfit. Always remembered me, he said. Always wondered about our outfit, etc.

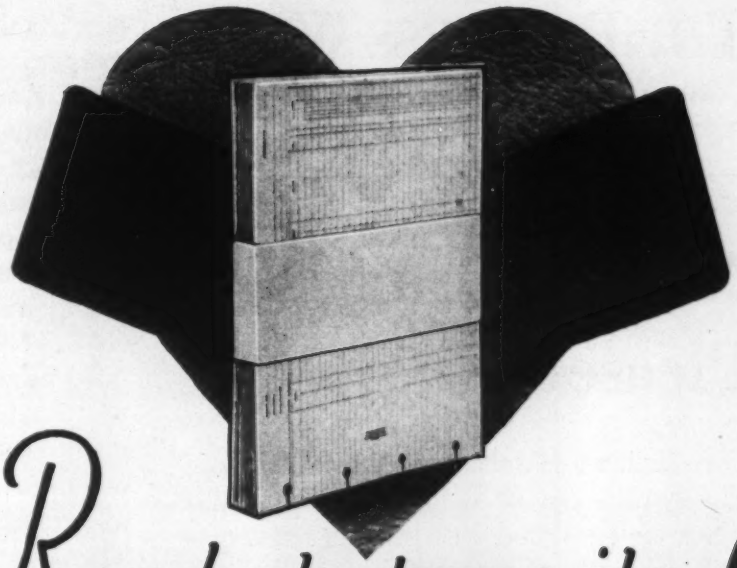
Bevin and myself had dinner together and went into the Superb business as much as possible. We are going to dine together again this evening and talk some more. Two consecutive evenings don't give us the business, of course. But there is, I think, a twitter of significance in the occurrence.

The final say, I imagine, will lie with Dunning. Have not been able to arrange a session with him yet, but Bevin is going to fix that. I will know more than I am able to write you now after tonight's discussion with Bevin.

Meanwhile, I am anxious for you to keep your engagements rather loose as I may wire you to jump out here on short notice. Have already told Bevin about you, Ben Frost, and Archie Bellamy and he seems to be interested in you, particularly, as he brought the conversation back to your name twice during the three-hour conference. That is all to the good.

Don't get sewed up for the next week by anybody.

Regards. J. W. D.



Ready to have its Heart Installed!

Above, you see a dead binder that has not yet become a live ledger. It may be a good binder, but it will not come to life until it has its heart installed, its pages put in. And, if those pages are of inferior paper, alas, the heart of the ledger will be forever bad.

No ledger is better than its paper-heart. Once your records are down on inferior paper, no change in binder, rings, tabs or posts can change their career. So be sure the paper-heart installed in *your* records and ledgers is sound.

DEFENDUM LEDGER

Your stationer knows that good rag fibers felted without hurry into high-grade ledger paper make for endurance, for writing and erasing qualities, for breaking strength, for folding strength without cracking.

He knows that is the kind of ledger paper accountants and auditors insist on. He knows the only ledger paper that is good enough at heart is the kind that stands up under the long grueling usage without breaking, furring, fuzzing, or losing its surface and your figures along with it.

THE BEST PAPERS ARE MADE FROM RAGS

Your stationer knows Defendum Ledger, and the years of service it has given to American business.

A National Standard for Ledger Leaves and Worthwhile Records—Defendum Ledger

PARSONS PAPER COMPANY

Over two thousand tons of good rag ledger paper every year

Papermakers at HOLYOKE, MASS. for 76 years

PARSONS MADE IN U.S.A.

THE BUSINESS WEEK

The Journal of Business News and Interpretation

September 24, 1930

No Bass-Drums, Please

LAST week we said that one of the first things management can do to give a fillip to this winter-molasses process of business recovery is to lay in stocks of raw materials, on the basis of normal requirements for at least six months ahead, borrowing for the purpose, if necessary, which in most cases isn't.

Our hope was merely that more business concerns would give this question their earnest consideration, as some of the shrewdest are doing, study the situation carefully and impartially, and make their decision on the basis of their best business judgment. We did call their attention to the fact that commodity prices in general have shown unmistakable signs of stability during the past six weeks, for the first time in a year; that nearly all prices are remarkably low, in many cases below production costs of those who produce the bulk of the supply; that in most lines available stocks are not much above consumption requirements under normal business conditions, but have been backed up in the hands of producers or middlemen because of over-cautious hand-to-mouth buying policies further along the line. We did suggest that every little contribution to breaking the jam and getting the stuff moving would help release purchasing power, increase employment, and speed business recovery at a crucial time. Anyway, we thought that, with low-priced materials and energetic cost reduction, wages could be maintained, the market expanded, and a neat profit turned in many lines even though prices of the finished product could not be put back where they were for some time.

We did not want anybody to start a "movement" to buy a bale of anything. There must be no more parades, camp-meetings, drum-rolls, or bugle-calls. Business should be permitted once in a while to try something on its own without paternal persuasion; otherwise it will never learn. Any attempt to rig up a campaign of this kind, from the top down, would be not only futile but disastrous.

Suggestions to this end that have begun to come out of Washington and elsewhere recently are disconcerting and dangerous. The commodity markets are in a touchy and abnormal condition. Any suspicion of an artificially stimulated buying movement that might put prices up before manifest business revival justified it might drive many otherwise willing buyers out and cause a relapse. Foreign countries are even more touchy, and for good reasons of their own. They, like everybody, are ready to buy at a price; they are buying our wheat and cotton now faster than in years because these things are cheapest in years; but they will vanish from the market overnight at the slightest hint that their dear old Uncle Sam, above all, is trying to hold them up by any organized buying movement at a signal from on high. That, incidentally, is the best reason why the Farm Board should keep its hands off the markets at this juncture.

Buying now should be done purely for profit, as a shrewd speculation; not on patriotic principle. Each individual case must be judged on its own. Declines in some commodities may run on for a little while against the stiffening or turning tide; it will rarely be possible to catch them at the very bottom.

All that is expected, all that is wanted, is that business men will put aside their summer reading of the economic mystery stories and statistical thrillers about dwindling gold supplies and falling prices, open-mindedly face the facts of the immediate market situation, and on their individual initiative and in their own interest act energetically, courageously—and quietly.

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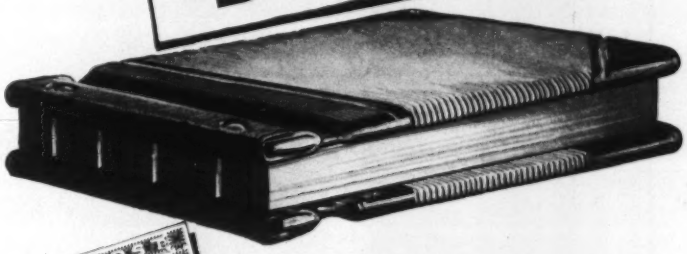

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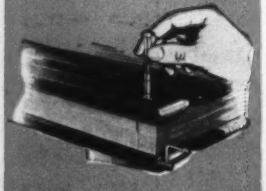

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